

**SUBJECT: REVISED COUNTER FRAUD, CORRUPTION & BRIBERY POLICY**

**DIRECTORATE: Resources**

**MEETING: Cabinet**

**DATE: 17<sup>th</sup> January 2024**

**DIVISION/WARDS AFFECTED: All**

**1. PURPOSE:**

To receive, consider and approve the Council's updated and revised Counter Fraud, Corruption and Bribery Policy.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet provides comment before approving the revised Counter Fraud, Corruption and Bribery Policy.
- 2.2 All elected / independent members of the Council and council officers to complete Counter-Fraud, Corruption & Bribery training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.

**3. KEY ISSUES:**

- 3.1 The previous Anti Fraud, Corruption & Bribery Statement was approved by Cabinet in June 2017. In line with good practice this Policy should be reviewed and updated periodically. The revised Policy is shown at Appendix 1.
- 3.2 Monmouthshire Council is one of the largest organisations in the County. The Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject.
- 3.3 Good Corporate Governance requires that the Authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.
- 3.4 Over the general refresh of the existing policy, the main areas of change to the previously approved policy statement are;
  - Inclusion of an Executive Summary
  - Definition provided of Money Laundering
  - Inclusion of a table detailing stakeholders specific responsibilities

- Inclusion of a section detailing the Councils 'Fraud Response Plan' and flow chart within Appendix 1
- Inclusion of 'Acting on Suspicions – Do's and Don'ts' as Appendix 2

3.5 The Councils Governance & Audit Committee considered the revised Counter Fraud, Corruption and Bribery Policy at their meeting on the [19<sup>th</sup> October 2023](#) and endorsed the policy for Cabinet approval.

3.6 Audit Wales have been consulted on the revised policy.

#### **4. REASONS:**

4.1 Within the Council's Annual Governance Statement (2022/23) a commitment was made to review the Councils Counter Fraud arrangements.

4.2 This policy statement embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs.

4.3 It incorporates The Fraud Act 2006 which defines fraud through three key offences, provides a definition of corruption and takes account of The Bribery Act 2010 where there are four key offences.

4.4 The maximum sentence is 10 years imprisonment when found guilty of Fraud and/or Bribery, with the potential of an unlimited fine when found guilty of Bribery.

4.5 In July 2020 the Auditor General for Wales released a report 'Raising Our Game' - Tackling Fraud in Wales which stated that the sums lost annually in Wales to fraud are substantial. Figures could be anywhere between £100 million and £1 billion.

4.6 It was said that public sector bodies can mitigate these risks by having the right organisational culture supported by strong counter-fraud arrangements.

4.7 In relation to Policies and Training the following recommendations were made;

- R5 All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
- R6 Staff working across the Welsh public sector should receive fraud-awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- R7 Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.

4.8 The updating and publicising of the revised Counter Fraud, Corruption and Bribery Policy this will help Monmouthshire County Council to have the right organisational culture with regards to counter-fraud arrangements.

- 4.9 Following approval of this revised policy by Cabinet, a training package will be developed which will need to be attended / completed by members and officers of the Council as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- 4.10 A commitment has been made to the Governance & Audit Committee that an annual risk assessment will be presented for consideration in relation to Fraud, Bribery and Corruption. The aim of this will be to focus on the fraud culture of the organisation and to provide assurance that the Council is able to demonstrate that practice follows the procedures in place.
- 4.11 Following the implementation of this revised policy, the Governance & Audit Committee have requested that periodic update reports are added to the Forward Work Programme reviewing the position of the Council in relation to compliance with the revised policy, outlining a targeted program of work that will be implemented.

**5. RESOURCE IMPLICATIONS:**

None

**6. CONSULTEES:**

Deputy Chief Executive / Chief Officer Resources  
Governance Working Group  
Governance & Audit Committee – 19<sup>th</sup> October 2023  
Audit Wales

**7. BACKGROUND PAPERS:**

Fraud Act 2006  
The Bribery Act 2010  
Monmouthshire Anti-Fraud, Bribery & Corruption Policy 2017  
Audit Wales 'Raising Our Game' - Tackling Fraud in Wales

**8. AUTHOR AND CONTACT DETAILS:**

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monmouthshire  
sir fynwy

# COUNTER FRAUD, CORRUPTION & BRIBERY POLICY



Date	January 2024
Report Status	Draft v5 Cabinet
Review	3 Years

## **Executive Summary**

The Auditor General for Wales in 2019 noted that the sums lost annually in the Welsh public sector to fraud and error are significant – and could be anywhere between £100 million and £1 billion.

### **Monmouthshire County Council has a zero-tolerance culture and attitude to fraud, bribery, and corruption.**

Values matter to us.

They set out our expectations for ourselves, each other and the way we conduct business with organisations that we work with on your behalf. Our organisational values are:

**Teamwork** – Collaboration is at the heart of everything we do. We will work with you and our partners to support and inspire everyone to get involved. We will make the best of the ideas, and resources available to make sure we do the things that most positively impact our people and places.

**Openness** - We are open and honest. People have the chance to be involved and tell us what matters.

**Flexibility** - We are flexible, enabling delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

**Fairness** - We provide opportunities for all people and communities to thrive. We will always try to treat everyone fairly and consistently, recognising that we will sometimes need to take positive action to overcome some of the challenges faced by people with different protected characteristics.

**Kindness** – We will show kindness to all those we work with, putting the importance of relationships and the connections we have with one another at the heart of all interactions.

These values provide a foundation for everyone attached to our organisation to be accountable, to be positive and to be bold in delivering on our purpose of:

*Monmouthshire being a zero carbon county, supporting well-being, health and dignity for everyone at every stage of life.*

This Policy provides clear guidance for councillors, staff and members of the public considering reporting concerns of fraud, bribery and corruption which may have been perpetrated against the interests of the Council and is accompanied by the response plan for action where suspicious activity is suspected or detected and/or may be reported.

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## 1. Introduction

- 1.1 We are committed to ensuring that we conduct our business in an open, ethical and transparent manner. As a consequence, it is essential that staff, members of the Council or Committees established by the Council, contractors and third-parties are aware of the risk of fraud, corruption, theft and other activities involving dishonesty, in all its forms.
- 1.2 Our Counter Fraud and Anti-Bribery Policies apply to all staff and other persons associated with the Council. The policies operate in the context of the Fraud Act 2006, the Bribery Act 2010, and all other related UK legislation which governs fraud, bribery and corruption.
- 1.3 Good Corporate Governance requires that the Authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. Attempted fraud is treated as seriously as accomplished fraud. This policy statement, however, will not compromise the Council's Strategic Equality Plan and Objectives, the requirements of the Human Rights Act 1998 or the Council's Regulation of Investigatory Powers Act (RIPA) Policy.
- 1.4 In all its dealings, the Council will adhere to the seven principles of public life set out in the Nolan Committee report on *Standards in Public Life*.
- 1.5 This policy statement embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs.
- 1.6 The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:
  - Public Services Ombudsman for Wales
  - Audit Wales
  - Welsh Government
  - Central Government Departments and Parliamentary Commissions
  - Her Majesty's Revenue & Customs
  - The Department of Works & Pensions
- 1.7 The Council will not tolerate fraud or corruption by its Councillors, employees, suppliers, contractors, customers or any other attacks on its resources by criminals. We will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal, prosecution and robust recovery of losses through both civil and criminal means.

## 2. Definitions

- 2.1. Local Government Employees have a range of powers and functions, from licensing and housing to awarding contracts for local amenities. It makes them targets for people and organisations who seek to either gain an unfair advantage or are looking to exploit information they hold.
- 2.2. There are several types of fraud and economic crime which could affect council services. Examples of these could include but are not limited to:
  - Housing Benefit Fraud
  - Council Tax Fraud or Evasion
  - Business Rate Fraud or Evasion
  - Blue Badge Misuse
  - Social Care and Direct Payments Fraud
  - Procurement Fraud
  - Misuse of Grant Funding
  - Fraudulently Obtaining Money or Services from the Authority
  - Cyber Crime

The above will be considered and their impact monitored as part of an Annual Fraud Risk Assessment (6.15). Some risks may also be considered as part of the Councils Whole Authority Strategic Risk Register.

### What is Fraud?

- 2.3. [The Fraud Act \(2006\)](#) defines fraud through three key offences:
  - **Fraud by false representation** – where a person dishonestly makes a false representation and intends by making the representation, to make a gain for himself or another or to cause or expose the risk of loss to another;
  - **Fraud by failing to disclose information** – where a person has dishonestly failed to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, to make a gain for himself or another; or to cause or expose another to the risk of loss; and
  - **Fraud by abuse of position** – where a person occupies a position in which he is expected to safeguard or not to act against the financial interests of another; dishonestly abuses that position with the intention to make a gain for himself or another or to cause or expose the risk of loss to another.
- 2.4. It also created new offences:
  - Obtaining services dishonestly
  - Possessing, making and supplying articles for use in frauds
  - Fraudulent trading applicable to non- corporate traders.
- 2.5. The maximum sentence is 10 years imprisonment.



- 2.6. The Act largely replaces the laws relating to obtaining property by deception, obtaining a pecuniary advantage and other offences that were created under the Theft Act 1978.
- 2.7. Attempted fraud is treated as seriously as accomplished fraud. At a practical level, fraud is deemed to be the deliberate intent to deprive the Council (and its associate activities) of money or goods.

### What is Corruption?

- 2.8. Corruption can be defined as dishonest and illegal behaviour by people in positions of power. It threatens national security, reduces access to services, erodes public trust in institutions and impedes investment.
- 2.9. [Transparency International](#), a charity which describes itself as a “global coalition against corruption” highlights a range of examples of corruption, such as: public servants demanding or taking money or favours in exchange for services; politicians misusing public money or granting public contacts to their sponsors, friends and families; and corporations bribing officials to get lucrative deals.

### What is Bribery?

- 2.10. [The Bribery Act 2010](#) identifies the criminal offence of bribery and identifies four key offences:
  - ***Bribing another person*** - A person commits an offense by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary: intending that advantage to induce a person to perform improperly a Function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or knowing or believing that accepting the advantage would itself be improper performance of a Function;
  - ***Being bribed*** - A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else's benefit: that person intends that, as a consequence, there is improper performance of a Function or there is improper performance of a Function (whether as a reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a Function;
  - ***Bribery of a Foreign Public Figure*** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced; and
  - ***Failing to prevent Bribery*** - A company is “strictly liable” for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.

- 2.11. A bribe can be given directly or indirectly. It does not have to be cash, nor does it have to be received: offering or requesting a bribe is sufficient to contravene the Bribery Act 2010.

### **What is Theft?**

- 2.12. Theft is defined within [The Theft Act 1968](#) as dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it. It is immaterial whether the appropriation is made with a view to gain or is made for the thief's own benefit.
- 2.13. Theft is stealing any property belonging to the Council or which has been entrusted to it (e.g. client funds), including cash, equipment, vehicles and data.

### **What is Money Laundering?**

- 2.14. Money laundering is defined in the [Proceeds of Crime Act 2002](#) as “the process by which the 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”.
- 2.15. The burden of identifying and reporting acts of money laundering rests within the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Head of Finance.

## **3. Culture**

- 3.1. The culture of the Council has always been one of openness and the core values of Openness, Fairness, Flexibility, Teamwork & Kindness support this. The culture therefore supports the opposition to fraud, corruption and bribery.
- 3.2. The prevention/detection of fraud, bribery and corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. There is an expectation and requirement that all individuals and organisations associated with the Council will act with integrity and that elected Members and Employees at all levels will lead by example. All aspects of this policy must be complied with and the Council will maintain a zero tolerance culture to fraud and corruption.
- 3.3. The Council's elected Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.
- 3.4. Concerns must be raised when members, employees or organisations associated with the Council reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- A criminal offence;
  - A failure to comply with a statutory or legal obligation;

- Improper or unauthorised use of public or other official funds;
  - A miscarriage of justice;
  - Misconduct or malpractice;
  - Deliberate concealment of any of the above
- 3.5.** Concerns must be raised, in the first instance, directly with the Supervisor/Business Unit Manager/Head Teacher/Head of Establishment who should discuss the concerns raised with the Chief Internal Auditor. If necessary, concerns can also be raised anonymously (letter, telephone) or via other routes:-
- Chief Executive, Chief Officers, Heads of Service, or the Council's Monitoring Officer, who will report such concerns to the Chief Internal Auditor;
  - Directly to the Chief Internal Auditor;
  - Where line management is suspected of fraud, directly to the Chief Officer or Chief Internal Auditor;
  - External Auditor, who depending upon the nature of the concern will liaise with the Chief Internal Auditor;
  - Trade Union Representative.
- 3.6.** This can be done in the knowledge that such concerns will be treated in the strictest confidence and be properly investigated. The officer receiving the concern must follow the flow chart included within Appendix 1 of this policy and immediately inform the Chief Internal Auditor of the allegation.
- 3.7.** The Chief Internal Auditor will maintain a record of all concerns which have been raised and what action has been subsequently taken.
- 3.8.** The Council also has a *Whistleblowing Policy* to ensure the highest possible standards of openness probity and accountability. The Council will ensure that any allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and investigated in an appropriate manner.
- 3.9.** The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/Members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through the Standards Committee (Members).
- 3.10.** When fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, Heads of Service will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

## 4. Roles & Responsibilities

4.1. This Policy deals with fraud, corruption and bribery internally and externally and it applies to:

- Employees
- Elected Members
- Suppliers
- Service Users
- Volunteers
- Lay Members

Key roles and responsibilities are as follows:

Stakeholder	Specific Responsibilities
<b>Chief Executive</b>	Ultimately responsible for the effectiveness of the Council's arrangements for countering fraud, corruption and bribery.
<b>Deputy Chief Executive &amp; Chief Officer - Resources (Section 151 Officer)</b>	Overall responsibility for ensuring an effective internal control environment exists along with the adoption and effectiveness of the Authority's arrangements for the Counter-Fraud, Corruption and Bribery policy, including compliance with the Fraud Act 2016 and the Bribery Act 2010.
<b>Chief Officer - Law &amp; Governance (Monitoring Officer)</b>	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
<b>Elected Members</b>	To comply with the Members Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and bribery and to report any genuine concerns accordingly.
<b>Governance &amp; Audit Committee</b>	To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture.
<b>Chief Internal Auditor</b>	Reports directly to the Deputy Chief Executive with direct access to the Chief Executive, Chair of the Governance & Audit Committee and Chair of the Cabinet. Helps the Council achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance.
<b>Internal Audit</b>	Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud, bribery and corruption. Internal Audit investigates all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations (see below), in accordance with agreed procedures.

Stakeholder	Specific Responsibilities
	<p>This also includes the key co-ordination role in the National Fraud Initiative (NFI), which is a fraud prevention and detection exercise based around bulk data matching that is led by the Cabinet Office, every two years.</p>
<b>Managers</b>	<p>Manage (at all levels) the risk of fraud, corruption and bribery. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and bribery and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work.</p> <p>Managers are expected to create an environment in which their officers feel able to approach them with any concerns they may have about suspected irregularities</p>
<b>Employees</b>	<p>Our employees are the first line of defence against fraud, corruption and bribery. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through the established 'Whistleblowing' procedures. Employees are expected to adhere to the Employee Code of Conduct Protocol and Financial and Contract Procedure Rules.</p> <p>Employees are expected always to be aware of the possibility that fraud, bribery, corruption and theft may exist in the workplace and be able to share their concerns with management. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named above in section 3.5.</p>
<b>Contractors and Third Party Organisations</b>	<p>Third party organisations, primary contractors and supply chains should have a similar culture and approach as the Council in tackling anti-fraud, bribery and corruption. Organisations should have appropriate mechanisms in place to prevent, detect, deter and investigate where necessary any concerns raised in relation to fraud and corruption. Members and officers including officers working for contractors and third party organisations should be able to raise any concerns through the mechanisms identified in section 3.5. The Council has a duty to notify the relevant organisations, Government Agencies and</p>

Stakeholder	Specific Responsibilities
	take action where appropriate to investigate any concerns raised.
<b>Shared Revenue &amp; Benefits Service (Torfaen &amp; Monmouthshire County Councils)</b>	A shared service has been established between Torfaen and Monmouthshire County Councils to manage the Revenue and Benefits Services for both authorities. They are responsible for all Council Tax Benefit investigations, in accordance with legislation and agreed codes of conduct. In cases where employees are involved they will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this policy is adhered to.
<b>External Auditor</b>	Independent external audit is an essential safeguard of the stewardship of public money. Audit Wales (including any associated third party external audit partners) are responsible for this through specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud, bribery and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.
<b>Members of the Public</b>	This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

4.2. As appropriate, arrangements will be made to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity in relation to local authorities. These include :

- Police
- Local Authority Financial Organisations
- Internal Auditor Networks
- Audit Wales
- Other councils
- Central and local government partners;
- National Anti-Fraud Network.
- National Fraud Initiative

4.3. Both elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise

with externalisation of services, tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

- 4.4. In addition to Financial Procedure Rules and Contract Procedure Rules, service areas may have their own procedures to prevent and deter fraud. There may also be audit reports, which recommend methods to minimise risks and losses to the Authority. Managers and employees must be made aware of these various sources of guidance and alter their working practices accordingly.

## 5. Deterrence

- 5.1. There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Council, and these include:
- Publicising the fact that the Council is firmly set against fraud, corruption and bribery and states this at every appropriate opportunity e.g. due diligence questions at the selection stage of external tenders, clauses in contracts, statements on benefits claim forms, website, publications etc.
  - Acting robustly and decisively when fraud and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, reporting employee to their professional body etc.
  - Taking action to effect the maximum recoveries for the Council e.g. through agreement, court action, penalties, under Proceeds of Crime Act etc.
  - Having sound internal control systems, that still allow for innovation, but at the same time minimising the opportunity for fraud and corruption.
  - The operation and advertising of formal arrangements for whistleblowing.
  - Publicising instances of fraud/corruption and the resultant disciplinary/prosecution action for cases both within the Council and for other public organisations.

## 6. Fraud Response Plan

- 6.1. The Fraud Response Plan provides guidance to Members, staff and the public on the procedures that should be followed where a fraud is suspected or discovered. For ease of reference, Appendix 1 contains a flowchart outlining the fraud investigation process at Monmouthshire County Council. The Council relies on its employees, the public and its agencies to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.
- 6.2. Internal Audit play an important role in the detection of fraud, bribery and corruption. Included in their strategic plan are reviews of system controls including financial controls and specific fraud and corruption tests. They will also make spot checks and unannounced visits when necessary.
- 6.3. In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection. The Council's

*Whistleblowing Policy* is intended to encourage and enable staff to raise their concerns.

- 6.4. Every effort will be made to protect an informant's anonymity, if requested. However, the Council will always encourage individuals to be identified and put their name to the allegation to add more value to the accusations and allow further investigations to be more effective. Concerns expressed anonymously can be more difficult to investigate. When considering an investigation into an anonymous complaint, the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources will all be taken into consideration. In certain circumstances, anonymity cannot be maintained. This will be advised to the informant prior to any release of information.
- 6.5. In some cases frauds are discovered by chance or "tip-off" and arrangements are in place to enable such information to be properly dealt with.
- 6.6. The Council takes part in the National Fraud Initiative which is co-ordinated by Internal Audit.
- 6.7. The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Monmouthshire County Council, the Governance & Audit Committee and Senior Management are fully committed to this exercise and will commit the appropriate resource as deemed necessary.
- 6.8. All suspected irregularities are required to be reported (verbally or in writing) to one of the officers identified at 3.5. This is essential to the policy and:
  - Ensures the consistent treatment of information regarding fraud and corruption; and
  - Facilitates a proper and thorough investigation by an experienced audit team or appropriate officer, in accordance with agreed procedures.
- 6.9. This process will apply to all the following areas:
  - a) fraud/corruption by elected Members;
  - b) internal fraud/corruption;
  - c) other fraud/corruption by Council employees;
  - d) fraud by contractors and/or partnership employees;
  - e) external fraud (the public)
- 6.10. Cases under d) and e) where necessary would be referred to the External Auditor or Police. Cases under (a) in respect to the Code of Conduct for Members will be referred to the Public Services Ombudsman for Wales in addition to the External Auditor and/or the Police. Cases under b) and c) may be dealt with under the Council's disciplinary procedures.
- 6.11. Any decision to refer a matter to the Police will require the involvement of the Deputy Chief Executive (Chief Officer – Resources), the Monitoring Officer, Chief Internal Auditor and the relevant Chief Officer / Head of Service or, in their absence of any of these Officers or their nominated representatives. In these circumstances, it will be the responsibility of the Chief Internal Auditor to call a formal meeting of these officers to discuss the appropriate course of action.



- 6.12. Depending on the nature of an allegation under b) to e), the Chief Internal Auditor will work closely with the Chief Officer and Head of Service concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 6.13. The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The processes as outlined in paragraph 3.8 will cover Members.
- 6.14. If the allegation relates to an information security issue, e.g. a theft, breach or exposure of MCC confidential or client confidential data, the matter must also be reported to the Head of Information, Technology & Security the Councils nominated Senior Information Risk Owner (SIRO). Further guidance on the reporting of information security issues is given in the Council's Information Security Policy.
- 6.15. Periodic risk assessments will be undertaken to evaluate the Authority's exposure to the risk of fraud, corruption and bribery and to highlight particular areas of risk within the Authority. This will be undertaken between the Deputy Chief Executive / Chief Officer – Resources, Internal Audit and Risk Management on an annual basis.
- 6.16. Section 4 of the Counter Fraud, Corruption & Bribery Policy details the roles and responsibilities of those within the fraud investigation process. In addition to these, depending on the circumstances and specialisms of the case, the Chief Internal Auditor in conjunction with the Deputy Chief Executive may commission work to be undertaken by an independent investigator.
- 6.17. Managers should gather as much information as possible such as any notes or evidence that is readily available to support the allegation. This information should be held securely to ensure evidence is not destroyed, lost or tampered with. Under no circumstances should Managers attempt to investigate the matter themselves or covertly obtain further evidence as this may adversely affect any internal investigation or Police enquiry.
- 6.18. Those with concerns should avoid discussing their suspicions with anyone other than the officer with whom they formally raised the issue. Under no circumstances should any employee attempt to investigate any matter on their own.
- 6.19. Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).
- 6.20. Where necessary the Council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, His Majesty's Revenue and Customs, UK Border Agency, Welsh Government and other Local Authorities.
- 6.21. In accordance with the Council's Disciplinary Policy, where initial investigations reveal that there are reasonable grounds for suspicion, it may be appropriate to suspend an employee against whom an accusation has been made. Suspension should only be considered as a last resort and every effort should be made to keep an employee in work where possible. Suspension will only be appropriate where keeping the employee at work imposes a risk to the employee, other employees or service users or their presence at work will impede the investigation. This decision will be taken by the relevant Chief Officer, in consultation with advice from Human Resources. It is important to note that suspension is not a disciplinary sanction and is

without prejudice on full pay. It is essential that any period of suspension is kept as brief as possible and is continually under review.

- 6.22.** It is important from the outset of an allegation to ensure that evidence is not contaminated, lost or destroyed. The investigating officer will therefore take immediate steps to secure physical assets, including computer and any records thereon, and all other potential evidential documents. They will also ensure, in consultation with the appropriate manager, that controls are immediately introduced to prevent further loss.
- 6.23.** Investigators will try to establish, at an early stage, whether it appears that a criminal offence has taken place. If a decision has been made to refer the matter to the police (as per section 6.11), this will be completed for consistency by the Chief Internal Auditor. They will specifically request the Police to confirm whether or not continuing with the Authority's disciplinary process would prejudice any potential Police investigation.
- 6.24.** Where there is a possibility of criminal action, the police will be consulted for advice and guidance and, if necessary, asked for their assistance where interviews are required to be conducted under caution in compliance with the Police and Criminal Evidence Act (PACE) which governs the admissibility of evidence in criminal proceedings.
- 6.25.** One key difference which should be borne in mind between internal disciplinary proceedings and criminal proceedings is the burden of proof. There is no requirement under an internal disciplinary investigation for a fact to be established beyond reasonable doubt. Instead, the disciplinary investigation needs only to be satisfied, 'on a balance of probabilities', that the misconduct has been committed before taking any disciplinary action. This means that while the police or Crown Prosecution Service may decide that there is insufficient evidence to uphold a criminal conviction, the Council may still take disciplinary action against individuals.
- 6.26.** Recovery action will be undertaken in relation to all losses incurred in relation to fraud, corruption or bribery. The Council also commits to pursuing a full range of sanctions – disciplinary, regulatory, civil and criminal where instances of fraud, corruption or bribery have been proven. Where the employee holds a registration with an external agency such as Social Care Wales and the Education Workforce Council, these organisations will be notified. Likewise, if it is known that the individual holds a professional qualification, such as an accountancy qualification, the Council reserves the right to report any concerns to the applicable body.
- 6.27.** For any concerns raised and/or investigated, the council must consider how any lessons could be learned and if controls need to be strengthened to prevent recurrence. Any weakness in the system of internal control will be identified in the investigation report and recommendations will be made, advising management as to how controls can be improved to prevent any reoccurrence. The relevant service manager will be required to provide a management response to the recommendations made. This does not preclude the investigating officer recommending or managers implementing additional controls at an early stage after the allegation has been received.
- 6.28.** A summary of matters identified and concluded concerning fraud, corruption or bribery will be reported to the Council's Governance & Audit Committee on a regular, 6 monthly basis. This report will also be shared with the Senior

Leadership Team and staff at all levels within the organisation to build awareness.

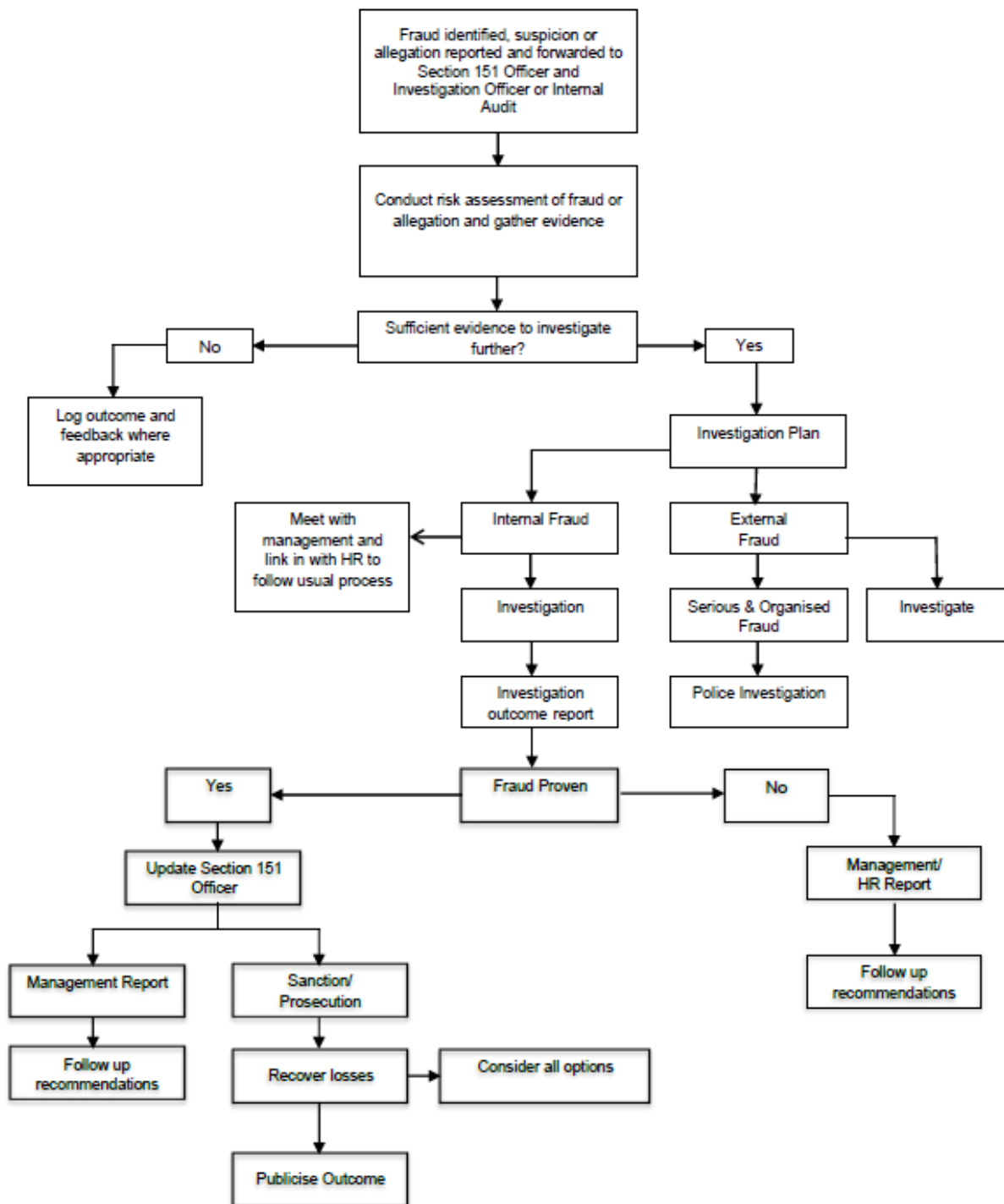
## **7. Awareness & Training**

- 7.1. The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees. The policy is an integral part of the induction programme.
- 7.2. To facilitate this, the Council supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties in this respect are regularly highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Council.
- 7.3. Specialist training in fraud and corruption issues will also be given to appropriate staff involved in investigation work.
- 7.4. The Council will publicise the Counter Fraud, Bribery and Corruption policy on the website and internal intranet along with other up to date advice and guidance on current issues.
- 7.5. Fraud awareness and anti-bribery training will be made available for all Council staff and elected members.

## **8. Conclusion**

- 8.1. Monmouthshire County Council is committed to a zero tolerance approach in relation to fraud, corruption and bribery.
- 8.2. The Council has always prided itself on setting and maintaining high standards and a culture of openness, with core values. This policy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.
- 8.3. The Council has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation and to safeguard the interests of the Council, its customers and the residents of Monmouthshire.
- 8.4. The Council will maintain a continuous review of all these systems and procedures through Internal Audit.
- 8.5. This policy statement will be reviewed on a regular basis, with a maximum of three years between each review.

# Appendix 1 – Fraud Response Plan



## Appendix 2 – Acting on Suspicions – Do's and Don'ts

### DO

- **Note Your Concerns**  
Record details such as your concerns, names, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.
- **Retain Evidence**  
Retain any evidence that may be destroyed or make a note and advise your line manager.
- **Report Your Suspicion**  
Confidentiality will be respected; delays may lead to further financial loss.

### DO NOT

- **Confront The Suspect or Convey Concerns to Anyone Other Than Those Authorised.**  
Never attempt to question a suspect yourself; this could alert a fraudster or accuse an innocent person.
- **Try to Investigate**  
Never attempt to gather evidence yourself unless it is about to be destroyed; gathering evidence must consider legal procedures in order for it to be useful. Internal Audit can investigate in accordance with legislation.
- **Be Afraid of Raising Your Concerns**  
The Public Interest Disclosure Act 1998 and the Councils Whistleblowing Policy protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.