



Anti-fraud and corruption policy

Norwich City Council



NORWICH
City Council

Foreword

Norwich City Council is committed to the highest standards of financial probity and takes its duty to protect the public funds it administers very seriously.

This policy provides a clear framework for the council to investigate suspected fraud thoroughly, to prosecute wherever the evidence supports such action and seek recovery of defrauded monies through all possible legal means. This policy also applies to the Bribery Act 2010.

The council administers significant public funds and is sometimes targeted by persons wishing to defraud the public purse. This policy, and the structures maintained by the council, demonstrates that we will make every effort to identify attempts to defraud the public purse and will robustly pursue individuals responsible.

The council, through this policy, has adopted a zero tolerance approach towards fraud. This includes:

- the referral of matters to the police for investigation wherever appropriate and the full recovery of fraudulently obtained public funds by all legal means
- the prosecution of persons responsible for defrauding the council including prosecution through civil and criminal courts in the council's own name or through the police
- the termination of contracts with partners and contractors
- the dismissal of employees proven to have defrauded or who have attempted to defraud the council, including where an employee is complicit with another person's attempts to defraud the council.

The council requires all partners and contractors to assist in this role and cooperate with any fraud investigation undertaken by authorised council officers.

MARTIN SCHMIERER

Councillor Martin Schmierer
Audit Committee Chair

LOUISE RAWSTHORNE

Louise Rawsthorne
Chief Executive Officer

1 INTRODUCTION

- 1.1 The authority aims to provide community leadership and quality services.
- 1.2 In carrying out its functions and responsibilities, the authority has always adopted a culture of openness and fairness and has expected that elected members and employees at all levels will adopt the highest standards of propriety and accountability. This has been achieved by leading by example and by an understanding of and adherence to rules, procedures and agreed practices. These standards are also expected from organisations that have dealings with the authority (e.g. suppliers/contractors).
- 1.3 However, in light of the Nolan Report, several well-publicised fraud and corruption cases within local government and the Local Government Act 2000, the authority has formalised these accepted standards and practices and developed an anti-fraud and corruption policy.
- 1.4 The authority demonstrates clearly (through this policy) that it is firmly committed to dealing with fraud and corruption and no distinction will be made for perpetrators inside (members/governors and employees) or outside the authority. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.
- 1.5 This policy document embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such an act occurs. For ease of understanding, it is separated into the following sections:
- Culture Section 2
 - Roles Section 3
 - Deterrence Section 4
 - Detection and investigation Section 5
 - Awareness and training Section 6.
- 1.6 The authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as its external auditors, inspection bodies, the Local Government Ombudsman, HM Revenue and Customs. These bodies are important in highlighting any areas where improvements can be made.
- 1.7 Fraud and corruption were defined by the Audit Commission as:
- FRAUD – “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.*
- In addition, fraud can also be defined as:
- “The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.”*
- 1.8 Bribery and corruption
- A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.*

- 1.9 The Bribery Act is now in force and places responsibilities and powers on organisations such as local authorities. Full details of the Council's bribery policy is shown at Annex D.
- 1.10 There are 4 key sections of the Act which need to be considered for the purposes of this document, which are:
- Section 1, which deals with bribing another person by money, payment in kind, or goods and services.
 - Section 2, the act of being bribed. This relates to individual officers and could lead to prosecution of senior managers.
 - Section 6, bribery of foreign officials.
 - Section 7, failure of a commercial organisation to prevent bribery.
- 1.11 For this section a "relevant commercial organisation" means an entity that carries on a business and current indications are that this includes local authorities. This section also includes persons associated with the organisation, such as agency workers, suppliers and contractors.
- 1.12 Under the legislation an organisation has a defence if it can show that it has adequate bribery prevention procedures in place, which are informed by the following 6 principles:
- Proportionality – the action an organisation takes should be proportionate to the risks it faces and the size of the business.
 - Top level commitment – a culture needs to be evident in which bribery is never acceptable. This can be shown via leadership statements, training and procurement expectations.
 - Risk assessment – to include proportionate risk management perhaps via training, newsletters, procurement controls and inclusion within organisational policies such as this one.
 - Due diligence – i.e. knowing who the organisation is dealing with.
 - Communication – communicating policies and procedures by training and general awareness including how occurrences should be investigated and by whom.
 - Monitoring and review – to ensure policies, training and awareness are relevant and updated and by nominating a responsible officer.
- 1.13 Defence against bribery charges under the act, therefore, should be considered adequate if the organisation has the following in place:
- Risk awareness and preparation
 - Adequate communication and senior management buy-in
 - A zero-tolerance culture
 - Adequate education and training
 - An audit trail and integration with counter fraud processes
 - The penalties for individuals under this legislation can, on conviction on indictment, be as high as a prison term of 10 years, or a fine or both. Although under section 7 a guilty person is only liable to a fine. The organisational consequences may include disbarment from contract tenders, reputational and financial risk exposure and adverse publicity.

1.14 Other risk areas to be considered include:

- facilitation payments – i.e. payments designed to make things happen but do not secure agreement
- gifts and hospitality – genuine low level hospitality is deemed acceptable but it is imperative that corporate registers are kept up to date and all employees must make declarations of interest.

1.15 In addition, this policy covers “the failure to disclose an interest in order to gain financial or other pecuniary gain.” Details of the Council’s Financial Crime Policy are included at Annex C.

2 CULTURE

2.1 The culture of the authority has always been one of the highest ethical standards, probity, openness and the core values of fairness, trust and value support this. The authority’s culture therefore supports the opposition to fraud and corruption.

2.2 The prevention/detection of fraud/corruption and the protection of the public purse are everyone’s responsibility and of paramount importance to the authority.

2.3 The authority’s elected members, and all 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, in the knowledge that such concerns will, wherever possible, be treated in confidence. To that effect the council has adopted a whistleblowing policy.

2.4 The definitions of fraud and corruption are by their nature technical and have their basis in the Fraud Act which became law on 15 January 2007. A more practical definition is where the council’s assets, including money, are dishonestly obtained by someone not entitled to them. Examples include :

- theft of cash or assets,
- obtaining access to services not entitled to eg obtaining a council house
- falsifying information or documentation eg timesheets, overtime, expenses, qualifications etc
- dishonesty between officers and management
- the deliberate concealment of information required by the council eg convictions or activities inconsistent with the council’s duties and responsibilities.
- defrauding welfare payments such as housing benefit and council tax reduction and council tax single person discounts etc.

2.5 The authority will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions.

2.6 The authority will deal firmly with those who defraud the authority, 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 raising malicious allegations) may be dealt with as appropriate.

- 2.7 When fraud or corruption have occurred because of a breakdown in the authority's systems or procedures, Executive Leadership Team (ELT) will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.
- 2.8 In certain circumstances and where appropriate a commercial settlement between the council and an employee may be deemed necessary as a way of disposing of a case. This should only be undertaken following agreement by the chief executive and monitoring officer and following an independent review by NPLaw.

3 ROLES

Role	Description
Elected Members	<p>As elected representatives, all members of the authority have a duty to citizens to protect the authority from all forms of abuse. This is done through this anti-fraud and corruption policy and compliance with the national code of conduct for members, the authority's financial procedures, constitution and the relevant legislation.</p> <p>Elected members sign to the effect that they have read and understood the national code of conduct when they take office. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. Members will be advised of new legislative or procedural requirements.</p> <p>Members are required to apply the principles of good governance regarding their own affairs and when acting for the council including declare pecuniary or non-pecuniary interests, potential for a conflict of interest and record the receipt of all gifts and hospitality. Members must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Norwich City Council.</p>
Audit Committee	<p>The audit committee and its members have specific responsibility re: the oversight of the council's governance arrangements in respect of the adequacy of control systems to prevent and detect fraud but also the assurance that processes work effectively for individual cases.</p> <p>The audit committee considers periodic reports from internal audit on suspected and proven frauds and monitors those systems of control applicable to that area, making recommendation to council where such protection requires improvement.</p>

Role	Description
Executive Leadership Team (ELT)	<p>ELT is responsible for the communication and implementation of this policy in their work areas. They are also responsible for ensuring that their employees are aware of the financial procedures and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>ELT has responsibility to ensure that effective systems of control are in place corporately and within their service to both prevent and detect fraud and that those systems operate properly.</p> <p>ELT is required to submit an annual self-assessment of those processes for inclusion within the council's annual governance statement.</p> <p>ELT must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Norwich City Council. ELT is expected to strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities.</p>

Role	Description
Managers	<p>Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of the financial procedures Rules and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Managers of all levels must provide leadership by example is demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Norwich City Council.</p> <p>Managers of all levels are expected to strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities.</p> <p>Managers must ensure that special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll, the benefits system or council tax.</p> <p>Managers must ensure that relevant training is provided for employees. Checks must be carried out at least annually to ensure that proper procedures are being followed in order to inform the service annual self-assessment.</p> <p>The authority recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.</p> <p>The authority's formal recruitment procedures (which contain appropriate safeguards on matters such as written references, verifying qualifications held and DBS checks undertaken on employees working with children and vulnerable adults) will be adhered to during this process.</p> <p>Management investigations into disciplinary matters must liaise with the Head of Internal Audit (HoIA) regarding any potential fraud implications of the conduct / investigation.</p>

Role	Description
Internal audit	<p>The CIA, in consultation with the chief finance officer shall determine whether a concern / suspicion regarding fraud requires investigation by the internal audit as opposed to management. Internal audit and risk services play a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal audit liaise with management to recommend changes in procedures to prevent further losses to the authority.</p> <p>The internal audit and risk service shall report to ELT and the audit committee regarding the application of the zero tolerance statement within this policy. Furthermore, internal audit shall investigate all cases of suspected irregularity in accordance with the requirements of the Police and Criminal Evidence Act 1984, Human Rights Act 1998, Fraud Act 2006, Bribery Act 2010 and other relevant legislation.</p> <p>In all corporate related cases where employees are involved, they will work with HR and appropriate senior management to ensure that correct procedures are followed and adherence to this policy.</p>

Role	Description
Employees	<p>Each employee is governed in their work by the authority's constitution and financial regulations and other codes of conduct and policies, such as health and safety, IT strategy, IT security. Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager, plus available on intranet / mandatory e-learning.</p> <p>In addition to the above, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the authority. These will be included in induction training and procedure manuals.</p> <p>Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. Concerns should be raised, in the first instance, directly with the supervisor/business unit manager. If the employee feels that they cannot discuss their concerns directly with their line management they should refer to the council's whistleblowing policy which gives details of independent persons they can discuss their concerns.</p> <p>All employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of service. Internal 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.</p>
External audit	<p>Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test, amongst other things, the adequacy of the authority's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern.</p> <p>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.</p> <p>The external auditor has a responsibility to review the authority's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.</p>

Role	Description
External bodies	Internal audit has arranged and will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to local authorities with external agencies such as: police, county, unitary and district council groups, external audit service, Department of Works and Pensions and other government departments such as the National Fraud Initiative (NFI)
Contractors and partners	<p>Contractors and partners have a responsibility for the communication and implementation of this policy within their organisation. They are also responsible for ensuring that their employees are aware of the council's financial procedures, whistleblowing and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Contractors and partners are expected to create an environment in which their employees feel able to approach them, or the council directly, with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the relevant head of service for that area or may approach the CIA directly on any whistleblowing issue.</p>
Stakeholders and customers	Whilst this policy is primarily aimed at implementing the necessary culture and processes within the council its stakeholders and customers may become aware of issues that they feel may indicate fraud. They should refer to the council's whistleblowing policy or they can contact the CIA to discuss their concerns directly.

4 DETERRENCE

Prosecution

- 4.1 The corporate policy will encompass the public, elected members and employees. It is designed to clarify the authority's action in specific cases and to deter others from committing offences against the authority. However, it also recognises that it may not always be in the public interest to refer cases for criminal proceedings. Each case will be considered on its merits.

Disciplinary Action

- 4.2 Theft, fraud and bribery and corruption are serious offences against the authority and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken, if appropriate, in addition to criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner, after consultation with the relevant executive head of service and if appropriate the head of HR and learning.
- 4.3 Disciplinary action will be undertaken in accordance with the council's disciplinary policy and procedure with each case considered on its merits.
- 4.4 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud or corruption against the authority. 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. Matters, if not referred to the police, will be referred to the standards committee or appropriate group leader.
- 4.5 Members or employees involved in fraud, theft or corruption that does not involve the council or its finances may still be subject to the above action if it is considered to undermine the council and its reputation.

Publicity

- 4.6 The council recognises the key role publicity of fraud cases pursued plays in deterring other attempts to defraud the council. To that effect a publicity policy is attached at Annex A of this policy which sets out these measures in detail.
- 4.7 The authority's communications team will optimise the publicity opportunities associated with anti-fraud and corruption activity within the authority. The communications team will also try to ensure that the results of any action taken, including prosecutions, are reported in the media. They will maintain close working relationships with all areas involved in anti-fraud work but particularly Nplaw and internal audit.
- 4.8 In all cases where financial loss to the authority has occurred, the authority will seek to recover the loss and advertise this fact.
- 4.9 All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make the employees and the public aware of the authority's commitment to taking action on fraud and corruption when it occurs.

- 4.10 Regular reports will be made to the audit and standards committees about countering fraud and corruption activities and their success.

5 DETECTION AND INVESTIGATION

- 5.1 All employees, members and any other stakeholder in council services have a vital role in identifying potential fraud or corruption. It is not the responsibility of those groups to investigate their suspicions as this may undermine a case to be pursued but all parties play a key role in bringing such concerns to the council's attention for a proper and thorough investigation to be undertaken.
- 5.2 Management are in the best position to become aware of any problems that could indicate fraud or theft etc. Management are also best placed to ensure that systems of internal control are in place and operating and thus are ideally placed to identify weaknesses or failures that may be exploited. Internal audit can provide advice and assistance in this area.
- 5.3 Employees are also ideally placed to detect fraud, theft or corruption. Employees are encouraged to discuss concerns with their line manager but the whistleblowing policy also provides mechanisms to raise concerns corporately.
- 5.4 The whistleblowing policy provides a process to enable the council to demonstrate :
- proper investigations for all referrals
 - proper action taken in relation to findings from investigations
 - feedback is provided to anyone making a referral
 - appropriate protection for anyone making or having made a referral.
- 5.5 Internal audit plays an important role in the detection of fraud and corruption. Included in their annual plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. Internal audit operates in accordance with best practice including the adoption of a formal audit manual in line with CIPFA best practice. This includes suitable processes to provide assurance to management on the adequacy of systems of internal control including the completion of follow ups for previous recommendations.
- 5.6 In addition to internal audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection.
- 5.7 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, in accordance with the requirements of the Human Rights Act 1998.
- 5.8 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern was raised or by the originator. This is essential to the policy, and:
- ensures the consistent treatment of information regarding fraud and corruption
 - facilitates a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the Human Rights Act 1998.

- 5.9 This process will apply to all the following areas:
- a) fraud/corruption by elected members
 - b) internal fraud/corruption
 - c) other fraud/corruption by authority employees
 - d) fraud by contractors' employees
 - e) external fraud (the public).
- 5.10 Cases may be referred to the council's external auditor and the s.151 officer for consideration of action via the police or the standards committee.
- 5.11 In accordance with basic legal concepts any person who witnesses or discovers a criminal act has the right to refer concerns directly to the police.
- 5.12 Any decision to refer a matter to the police will be taken by the CIA in consultation with the head of HR and learning and/or chief executive and relevant executive head of service. The authority will normally wish the police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.
- 5.13 Depending on the nature of an allegation under b) to e), the CIA will normally work closely with the executive head of service concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 5.14 The authority'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 4.4 will cover members.

6 AWARENESS AND TRAINING

- 6.1 The authority recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of programmed training and an awareness of elected members and employees throughout the authority.
- 6.2 To facilitate this, positive and appropriate provision has been made via the induction process and for employees via their required learning plans.
- 6.3 Key to effective awareness and deterrent is a formal and comprehensive system of feedback to provide outcome information to the person who originally referred concerns. Whilst confidentiality must be respected, including the Data Protection Act and Human Rights Act provisions, every referral should be concluded and the outcome communicated to the person making the original referral.

6.4 Anti-fraud services should also maintain management information to show:

- how frauds are identified
- which type of frauds were affected
- any patterns or themes detected
- new fraud issues highlighted
- prevention measures
- how frauds have been quantified (see annex B).

7 CONCLUSION

- 7.1 The authority has always prided itself on setting and maintaining high standards and a culture of openness, with core values of fairness, trust and value. This policy fully supports the authority's desire to maintain an honest authority, free from fraud and corruption.
- 7.2 The authority 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 techniques to both prevent and detect fraudulent or corrupt activity that may affect its operation.
- 7.3 The authority will maintain a continuous review of all these systems and procedures through audit and risk services.
- 7.4 This policy will be reviewed annually.

ANNEX A - Publicity

1 Introduction

- 1.1 Norwich City Council has adopted this policy as a key policy to address anti-fraud and corruption issues in conjunction with welfare reform messages and enhancing public confidence in the council's administration of taxpayers' money.
- 1.2 The anti-fraud policy and particularly this publicity section aim to :
 - make clear the connection between saving public monies and the fraud work that achieves this.
 - dispel the belief held in some quarters that fraud is a victimless crime
 - demonstrate consistent action is taken for both complex frauds and the perceived lower level frauds
 - ensure that tough action taken against persons who commit fraud is utilised as an effective deterrent to others
 - alter perceptions of this area of work to move for an image of petty bureaucracy or snoopers to one of professional public funds watchdog.
 - ensuring that action taken is consistent with Norwich City Council policies and legislative provisions as well as being in the public interest
- 1.3 This policy covers the methods by which the work of the anti-fraud services within Norwich City Council will be promoted including the publicity associated with specific cases.

2 Publicity categories

- 2.1 Publicity takes many forms including, press releases / articles, advertisements, intranet or internet media
- 2.2 It is imperative that all available forms are maximised to promote an anti-fraud culture throughout the organisation and to the public. However great care is needed to ensure that publicity in relation to anti-fraud work is positive and does not undermine the service or reinforce the negative perceptions of this area of work.
- 2.3 Thus publicity needs to focus on three key areas :
 - Proactive work of anti-fraud services
 - Specific cases pursued by anti-fraud services, e.g. specific prosecutions / convictions sought
 - Reactive responses to media enquiries.

3 Proactive publicity

- 3.1 This area of work is essential to promote the work of the services and ensure that others are aware of this work and thus deterred from attempting fraud. The aim of this publicity is to increase the profile of anti-fraud work across Norwich City Council and the wider community in order to promote the referral processes and deter fraud.
- 3.2 An internet / Sharepoint site shall be maintained which sets out details as to how to contact the internal audit Investigators and how to report fraud. The site will also provide links to relevant policies.
- 3.3 Any leaflets and posters used for fraud awareness purposes shall be reviewed annually to reflect any necessary changes.
- 3.4 It is intended that fraud awareness training shall be part of the council's corporate training / induction system.
- 3.5 In addition to the above the work of anti-fraud services shall be promoted periodically both within the council and to the general community.
- 3.6 For high profile cases prosecuted the publicity shall consider whether the work of anti-fraud services shall be promoted eg volumes of cases referred, investigated, prosecuted, convicted etc.

4 Specific cases

- 4.1 Great care must be taken when publicising any specific case of fraud, theft or corruption. Data Protection Act and Human Rights Act provisions are key legal protections provided to those suspected of committing such offences and must not be breached by the council's attempts to promote anti-fraud work.
- 4.2 However the publicity attached to any specific case is a necessary element of promoting the deterrent effect of anti-fraud work as it demonstrates actual instances and consequences to individuals.
- 4.3 Any decision that the council should prosecute an individual, individuals or organisation must be taken following a formal quality assurance procedure.
- 4.4 Any decision to pursue prosecution will be taken on the basis of professional advice, the merits of the case itself and any applicable guidelines relevant.
- 4.5 All prosecutions should include a consideration of publicity issues and ensure that the council's communications team are involved / aware of the issue so that the council can adopt a proactive publicity strategy and avoid the need to react to press enquiries.
- 4.6 A specific decision will be taken and recorded by the head of service to issue a press release for any specific case. In all other cases a press statement / position shall be prepared to address any potential press enquiry.
- 4.7 Press releases shall be prepared that promote the council's anti-fraud policy and maximise the deterrent effect of prosecutions.

5 Reactive responses to media enquiries

- 5.1 Ideally the above measures aim to minimise the need for this where the council proactively provides relevant information to promote anti-fraud through local, and possibly national, media.
- 5.2 Press queries will arise on some occasions and it is essential that they are responded to in such a way as to promote the anti-fraud policy of the council.
- 5.3 Responses to press queries regarding specific individuals must not breach data protection or human rights legislation.

ANNEX B - Criteria for quantifying fraud

1 Financial cost

- Proven criminal losses
- Civil losses proven on probability
- Estimated losses not evidenced (in the opinion of the chief internal auditor)
- Costs of investigation etc.

2 Service implications

- Implications to wider service delivery
- Implications to customers
- Implications to council partners

3 Organisational implications

- Anti-fraud culture
- Corporate governance issues eg policy / control failures

4 Reputational risks

- Trust of the public
- Trust of stakeholders
- Trust of customers

Annex C - PREVENTION OF FINANCIAL CRIME POLICY

1. INTRODUCTION

- 1.1 Financial Crime, in the Proceeds of Crime Act 2002, (as amended by the Serious Crime Act 2015) covers any kind of criminal conduct relating to money or to financial services or markets, including any offence involving:
- (a) fraud or dishonesty; or
 - (b) misconduct in, or misuse of information relating to, a financial market; or
 - (c) handling the proceeds of crime; or
 - (d) the financing of terrorism
- 1.2 This was originally aimed at professionals in the financial and investment sectors. However, it was subsequently recognised that those involved in criminal conduct were able to 'clean' the proceeds of crime through a wider range of business and professional activities – including council activities.
- 1.3 This policy provides measures to monitor, detect and prevent financial crime within the Councils and to help put in place systems and controls which mitigate financial crime risk effectively.
- 1.4 To report any suspicion you have of any financial crime or related issues you can follow the Councils' whistleblowing procedure.

2. AREAS OF FINANCIAL CRIME

- 2.1 The areas where we particularly look for risks of financial crime are in relation to fraud, corruption, theft, bribery, and money laundering.
- **Fraud** – 'the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation (misuse) of assets or otherwise for gain'.
 - **Corruption** – 'the offering, giving, soliciting, or acceptance of an inducement or reward which may influence any person to act inappropriately'.
 - **Theft** – 'appropriating property belonging to another with the intention of permanently depriving the other of it'.
 - **Bribery** – 'is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage'.
 - **Money laundering** – 'an activity which falls within the Proceeds of Crime Act 2002, (as amended by the Serious Crime Act 2015) whereby criminally obtained money or other assets are exchanged for clean money or assets with no link to their origins'.
 - **Whistleblowing** – 'when a person reports suspected wrongdoing at work. Officially this is called 'making a disclosure in the public interest''

3. HOW WE AIM TO PREVENT FINANCIAL CRIME

3.1 Culture

3.1.1 The Councils firmly endorse a culture of integrity and honesty and take a robust approach to any signs of financial crime. The Councils' approach is to proactively and effectively manage the risk of financial crime and to minimise losses incurred by:

- Maintaining fully integrated **policies**;
- Promoting a **culture** of honesty and propriety;
- **Deterring** the risk of occurrence of financial crime;
- **Preventing** risks that cannot be deterred;
- **Detecting** risks that cannot be prevented;
- Professionally **investigating** financial crime detected;
- Applying **sanctions** against people who commit financial crime;
- Seeking **redress** for assets defrauded;
- **Communicating** with members, contractors, the public and partners making them aware of the policies and how to raise concerns;
- Providing **training and guidance** to all employees and members.

3.1.2 Appropriate policies and procedures are maintained to ensure that internal controls are built into the Councils' systems and processes to prevent or detect financial crime. There is an expectation and requirement that all contractors, suppliers, individuals and organisations associated in whatever way with the Councils will act with integrity and that Council staff and Members will lead by example.

3.1.3 Members and officers should demonstrate the highest standards of openness, propriety and integrity and lead by example by adhering to legally sound and honest procedures and practices. The prevention and detection of fraud or corruption, and the protection of the public purse, are everyone's responsibility, both internal and external to the organisation.

3.2 Communication

3.2.1 The Councils' Communications Team will optimise the publicity opportunities associated with financial crime activity within the Councils and will try to ensure that the results of any action taken, including prosecutions, are reported in the press.

3.2.2 Where the Councils have suffered a financial loss as a result of financial crime, in all cases the Councils will seek to recover the loss and advertise this fact, whether involving an officer or a Member.

3.2.3 All financial crime activities, including this Policy, will be made publicly available to make all staff and the public aware of the Councils' commitment to taking action against financial crime, should it occur.

3.3 Working with others

3.3.1 The Councils will continue to encourage the exchange of information with other organisations, in compliance with the *General Data Protection Regulation, tailed by the Data Protection Act 2018*, in respect of financial crime activities. These bodies can include:

- The Police;
- External Auditors;
- Chartered Institute of Public Finance and Accountancy (CIPFA);
- Financial Conduct Authority (FCA);
- Department of Works and Pensions (DWP);
- National Anti-Fraud Network;
- Association of Local Authority Treasurers;
- Society of District Council Treasurers;
- Norfolk Treasurers Group;
- Norfolk Chief Accountants Group; and
- Other Local Authorities.

3.3.2 This collaboration provides a base for combating potential criminal activity of a fraudulent nature against this and other public sector organisations.

3.3.3 With regard to the National Fraud Initiative (NFI) exercise and data matching techniques generally, the Councils have adopted the Cabinet Office's Code of Data Matching Practice. All staff on the Councils' payroll have been advised of data matching exercises and their rights under Data Protection legislation. In addition, data matching 'warnings' are included on such stationery as Benefit Claim forms, etc.

Annex D - ANTI-BRIBERY POLICY

This policy forms part of the Councils' approach to the Prevention of Financial Crime and should be read in conjunction with the whole Policy and supporting material.

1. INTRODUCTION

1.1 Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements.

1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

1.3 We are committed to the prevention, deterrence and detection of bribery. We aim to maintain anti-bribery compliance "business as usual", rather than as a one-off exercise.

2. PURPOSE

2.1 The purpose of this policy is to ensure that all staff and Members are aware of:

- What bribery is;
- The legislative changes;
- Their responsibilities;
- The consequences of non-compliance with this policy.

3. WHAT IS CLASSED AS BRIBERY

3.1 Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

4. THE BRIBERY ACT 2010

4.1 There are four key offences under the Act:

- Bribery of another person;
- Accepting a bribe;
- Bribing a foreign official;
- Failing to prevent bribery

4.2 The Bribery Act 2010 makes it an offence to offer, promise or give a bribe. It also makes it an offence to request, agree to receive, or accept a bribe. There is also a separate offence of bribing a foreign official with the intention of obtaining or retaining business or an advantage in the conduct of business.

4.3 The Act also states that it is a corporate offence to fail to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business. This is what is known as a 'strict liability' offence. This means that there is no need to prove negligence or management complicity. An organisation will have a defence to this

corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

5. OUR RESPONSIBILITIES

All staff, Members and associated persons must:

- ensure that they read, understand and comply with this policy;
- raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

5.1 Bribery is not tolerated

5.1.1 It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- engage in activity in breach of this policy.

5.2 Facilitation payments

5.2.1 Facilitation payments (minor amounts paid to public officials to expedite routine business activities) are not tolerated and are illegal.

5.3 Gifts and hospitality

5.3.1 The Councils' policy regarding the requirements for gifts and hospitality is set out within the Code of Conduct Policy for Members and Employees. Hospitality is not prohibited by the Act.

5.4 Public contracts and failure to prevent bribery

5.4.1 Under the Public Contracts Regulations 2015 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. Local Authority have the

discretion to exclude organisations convicted of this offence.

6. CONSEQUENCES OF NON-COMPLIANCE

6.1 An individual guilty of a bribery offence may be liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months, or to a fine not exceeding £5,000 or to both.
- On conviction in a crown court, to imprisonment for a maximum term of 10 years, or to an unlimited fine, or both.

6.2 The Council/s, if convicted, could be liable to the same level of fines and, if guilty, is liable to an unlimited fine.

7. REPORTING BRIBERY

7.1 Please report any suspicions of bribery through the Councils' **Whistleblowing Policy**.

7.2 We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

7.3 If you have any questions about these procedures, please contact Robert Mayes (Head of Finance, Audit and Risk) – tel no. 01603 989648).



If you would like this information in another language or format such as large print, CD or Braille, please call 0344 980 3333 or email info@norwich.gov.uk

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