



# **Anti-Fraud, Bribery & Corruption Policy**

**Financial Services  
Directorate of Resources**

**Staff should all be conscious that  
they can change corrupt systems**

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## **Control**

Policy Lead Officer: Head of Regional Internal Audit Service

Responsible Officer: Head of Finance (151 Officer)

Consultation: Council Governance & Audit Committee

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Review Arrangements: Annually

## **Introduction**

Fraud within the public sector costs the taxpayer billions of pounds each year. Detected cases of fraud and corruption are on the increase and all local authorities are likely to be affected in some way by fraudulent or corrupt activity.

At the Vale of Glamorgan Council, we want to make sure that we are providing excellent services to the residents of the Vale. All our staff, permanent and temporary, Councillors, partners, agency workers and contractors have an important role to play in achieving this goal and we expect everyone to be committed to our high standards of service which are based on the principles of honesty, openness, and accountability.

We know that we face the risk that something may go wrong or that someone may ignore our policies, our procedures, or the law, resulting in some very serious consequences, in relation to Fraud, Bribery and Corruption. Experience shows that staff, or others who work on behalf of an organisation, often have worries or suspicions and could, by reporting their concerns at an early stage, help put things right or identify and stop potential wrongdoing.

## **VALE OF GLAMORGAN COUNCIL ANTI-FRAUD, BRIBERY & CORRUPTION POLICY**

### **Policy Statement**

The Vale of Glamorgan Council wishes to promote a culture of openness and honesty, consistent with the principles for conduct identified by the Committee for Standards in Public Life and expects all those who work for and with the Council to adopt the highest standards of propriety and accountability.

Following the publication of several well publicised cases concerning fraud and corruption within local government, the Council recognises the need for a policy to prevent wrongdoings.

This Council has in place a clear network of systems and procedures to assist it in the prevention and investigation of fraud, bribery, and corruption. The Council is committed to ensuring that these arrangements will keep pace with future developments, in both preventative and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

### **Who this Policy applies to**

This Policy aims to help employees (including temporary and agency workers), to understand how and when to contact the Council regarding fraud, bribery, or corruption. Employees must ensure they adhere to legal and contractual requirements and ensure that all procedures and practices remain above reproach.

Note: As well as using this Policy, any person employed or engaged by the Council who makes a report under this Policy, should refer to the Council's Whistleblowing Policy for further guidance.

This Policy also aims to help Employees, Councillors, Contractors, Consultants, Suppliers and Service Users to understand how and when to contact the Council with their concerns.

## Environment and Culture

In approving this Policy, the Council is setting the standard at a sufficiently high level and sends a clear message that:

- Fraud, bribery, or corruption will not be tolerated.
- All reported or identified instances will be dealt with in a professional and timely manner.
- It is committed to preventing and detecting fraud, bribery, or corruption.
- Those perpetrating fraud, bribery or corruption will be dealt with swiftly and firmly and be prosecuted using all the sanctions available.

The Council acknowledges that the vast majority of its employees and those that work with them always act with honesty and integrity to safeguard the public resources they are responsible for. However, there are people who may not act in this way.

Consequently, any allegations received in any way, including those made anonymously, will be taken seriously, and be investigated in an appropriate manner. There is a need to ensure that allegations are not frivolous, as in the case of employees, this could result in disciplinary action.

When fraud, bribery or corruption has occurred because of a breakdown in the authority's systems or procedures, senior management will ensure that appropriate improvements in controls are implemented to prevent re-occurrence.

To assist all employees and Members in their awareness of this approach to fraud, bribery and corruption, management will ensure:

- Participation in training and awareness programmes covering fraud detection and prevention.
- Ensure employees understand internal controls are designed and intended to prevent and detect fraud.
- Encourage employees to report suspected fraud, bribery, or corruption directly to those responsible for investigations without fear of disclosure or retribution - as set out in the Council's Whistleblowing Policy/ Speak Out.

## Definitions

### Fraud and Corruption

By reference to the Fraud Act 2006, fraud can be committed in the following three ways:

**Fraud by False Representation:** "representation" means any representation as to fact or law that may be expressed or implied. A person commits an offence when they dishonestly make a false representation, and intends, by making the representation to:

- make a gain for himself or another, or
- cause loss to another person or expose another to a 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.

For understanding the term intention - this should bear its ordinary meaning and should also extend as elsewhere in criminal law to the point of including the foresight of a virtually certain consequence. For example, it is sufficient that “A” makes a false representation foreseeing that it is virtually certain to cause loss to “B” although that is not his purpose, and although he hopes that “B” will not lose.

**Fraud by Failing to Disclose Information:** an offence is committed where a person 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 themselves or another, or
- cause loss to another or to expose another to a risk of loss.

**Fraud by Abuse of Position:** an offence is committed where a person occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, dishonestly abuses that position, and intends, by means of the abuse of that position to:

- make a gain for himself or another cause loss to another, or
- to expose another to a risk of loss.

The term fraud is generally used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusions.

This Policy therefore covers all financial impropriety including theft or corruption, which is described in more detail below:

- According to the 1968 Theft Act “a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”.
- Corruption is the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the audited body, its Members, or employees.
- Actions constituting fraud or corruption may include, but are not limited to:
  - Any dishonest or fraudulent act against the Council.
  - Forgery or alteration of any record or account belonging to the Council.
  - Submitting false or exaggerated timesheets
  - Working for another employer whilst on sickness absence
  - Forgery or alteration of a cheque, bank draft or any other financial document.
  - Misappropriation of funds, securities, supplies, or other assets.
  - Impropriety in the handling or reporting of money or financial transactions.

- Profiteering as a result of insider knowledge of Council activities.
- Contractors collaborating together during a tender process (bid rigging)
- Disclosing confidential and proprietary information to outside parties.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment.
- Failure to declare an interest.
- Mandate fraud, where someone requests the Council to change a direct debit, standing order or bank account details by purporting to be an organisation we make regular payments to, such as a subscription or a business supplier.

## **Bribery Act 2010**

The Bribery Act 2010 was introduced to update and enhance UK law on bribery including foreign bribery.

Notably, it introduced a new strict liability offence for companies and partnerships of failing to prevent bribery. The introduction of this new corporate criminal offence places a burden of proof on local authorities to show they have adequate procedures in place to prevent bribery.

The Council could be guilty of an offence if an “associated person” carries out an act of bribery in connection with its business. A person will be “associated” where that person performs services for or on behalf of the Council and could include contractors and sub-contractors. The Bribery Act also provides for strict penalties for active and passive bribery by individuals as well as companies.

Bribery can be described as the receiving of an inducement for an action which is illegal, unethical or in breach of trust. Inducements can take the form of gifts, fees, rewards, or other advantages such as retaining business.

The Bribery Act created four prime offences:

- Two general offences covering the offering, promising, or giving of a bribe (“active” bribery), and the requesting, agreeing to receive or accepting a bribe (“passive” bribery);
- A discrete offence of bribery of a foreign public official; and
- A new offence of a commercial organisation failing to prevent a bribe being paid (note: should an offence be committed; it will be a defence that the organisation has adequate procedures in place to prevent bribery).

A statutory defence to the strict liability offence of “failing to prevent bribery” is the introduction of internal adequate procedures. The Council provides for such arrangements through this policy and associated documents, the appointment of the Council’s Head of Finance and/or Monitoring Officer to deal with all matters relating to bribery and corruption, management’s commitment to a zero-tolerance culture and training of relevant employees.

Note: Under the latter offence although, it applies specifically to commercial organisations, further guidance issued by the Government did clarify that a public sector organisation would fall within the definition set out in section 7 of the Act, if for example, a company was established by a local authority under the Local Government Act 2003.

That aside, the Council plays an important role in preventing or eliminating bribery in the private sector and should ensure that various anti-corruption provisions are included in procurement and contractual documents.

## **Tax Evasion**

The Criminal Finance Act 2017 introduced two new criminal offences; one relating to UK tax evasion, one relating to foreign tax evasion. The new offences, which came into force on 30 September 2017, are designed to help the Government counter circumstances where a body's employees facilitate tax evasion by their customers or suppliers. Although tax evasion does not have a direct impact on the Council, under the new legislation there is a strict liability for failing to prevent the facilitation of tax evasion by one of its associates, such as an employee or contractor.

This could arise, for example, if a Council employee conspired with a supplier to falsify the amount paid on an invoice so that the supplier evaded paying income or corporate taxes.

There are three tests that must be passed before an offence is committed:

- Criminal tax evasion by a taxpayer (either an individual or a legal entity);
- Criminal facilitation of the offence by a person associated with the body, by taking steps with a view to; being knowingly concerned in; or aiding, abetting, counselling, or procuring the tax evasion by the taxpayer; and
- The body not preventing a person associated with it from committing the criminal facilitation.

Similar to the Bribery Act 2010, there is a statutory defence of having "reasonable prevention procedures" in place. HMRC has issued guidance on this setting out six risk principles that all organisations are expected to consider when reviewing whether they have proportionated and reasonable risk protocols in place. The Council has undertaken significant work to ensure risks are identified and implement procedures proportionate to those risks.



## **Corporate Framework**

The Council has a wide range of interrelated policies and procedures that provide an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. These have been formulated in line with appropriate legislative requirements and it is important that all employees and Members know about them.

They include:

- Accounting procedures and records
- Anti-Fraud, Bribery & Corruption Policy
- Code of Corporate Governance
- Codes of Conduct
- Contract and Financial Procedure Rules
- Disciplinary Procedure
- Effective internal audit
- Effective recruitment and selection procedures
- Grievance Procedure
- Procurement Code of Practice
- Sound internal control systems
- The Council's Constitution
- Whistleblowing Policy

Managers have a responsibility to ensure that all employees have access to the relevant rules and regulations and receive suitable training.

Members and employees must ensure that they read and understand the rules and regulations that apply to them and act in accordance with them.

## **Identifying the Risk of Fraud, Bribery or Corruption and Risk Mitigation**

In having a risk management strategy, which includes risk mitigation measures, the Council aims to detect fraud, bribery or corruption and deter potential perpetrators of such activity.

This Policy sets out exactly what steps to take on suspecting fraud, bribery, or corruption.

In having a continuous programme of awareness and regular updates and training for new and existing employees, and in referring to this Policy in its quotation/tender documents with suppliers and its procurement guide, the Council aim to mitigate the risk of fraud, bribery or corruption taking place.

## Acting upon your Suspicions

If you suspect that fraud, bribery or corruption is being committed there are a few simple guidelines that should be followed.

### DO

- Make an immediate note of your concerns. Note all relevant details, such as what was said in telephone or other conversations, the date, the time, and the names of the parties involved.
- Convey your suspicions to someone with the appropriate authority and experience. For staff this is usually your manager or Internal Audit, although it could be to any of the people or organisations listed in the 'Raising your Concerns' section.
- Deal with the matter promptly if you feel your concerns are warranted. Any delay may cause the council to suffer further financial or reputational loss. Don't be afraid to act and remember to use the 'Speak Out Line' if you are worried about revealing your identity.

### DON'T

- Do nothing.
- Be afraid of raising your concerns. Staff will not suffer any recrimination as a result of raising a concern in good faith.
- Approach or accuse any individuals directly. You may have misinterpreted a perfectly genuine situation.
- Try to investigate the matter yourself. There are rules concerning the gathering of evidence for use in criminal cases. Proper investigative procedures must be followed.
- Convey your suspicions to anyone other than those with the proper authority.

If in doubt – raise your concerns, Speak Out.

## Responsibilities

The primary responsibility for the prevention, detection and investigation of fraud, bribery, or corruption rests with senior management, who are also responsible for managing the risk of such occurrences. However, the Council always requires all employees and elected Members to act honestly and with integrity and to guard the resources for which they are responsible. Fraud, bribery, and corruption can pose a significant threat to these resources and must therefore also be their concern.

In doing so and in accordance with the Council's codes of conduct, there is a requirement for all employees and elected Members or persons acting on behalf of the Council to notify the Council immediately of any financial or accounting irregularity, or suspected irregularity, or of any circumstances which may suggest the

possibility of such loss or irregularity, including those affecting cash, stores, property, remuneration or allowances.

The purpose of this Policy document is to also set out specific responsibilities with regards to the prevention and detection of fraud, bribery and corruption as follows:

**Head of Finance** (also known as Section 151 Officer) is responsible for:

- Ensuring that this Policy is current.
- The maintenance and operation of this Policy.
- Ensuring proper arrangements are made for the Council's financial affairs.
- Ensuring the Council implements appropriate measures to prevent and detect fraud, bribery, and corruption, and protect the Council's assets from fraud and loss.
- Ensuring that the Council has put in place effective arrangements for internal audit and that it is adequately resourced and maintained.
- Supporting the Council's internal audit arrangements and ensuring that the Governance & Audit Committee receives the necessary advice and information, so that both functions can operate effectively.

### **Employee Recruitment and Management**

A key preventative measure against fraud is to deter employees who might undertake such activities. The Council recognises that effective recruitment processes are essential to ensure the integrity of all new employees. These include:

- The checking of identity documents.
- References and qualification checks for new employees.
- Checks for appropriate posts through the Disclosure and Barring Service.
- Detailed appraisal of employees' performance and ability during probationary periods and throughout their entire employment.

### **Contractors and Suppliers**

The Council will ensure that all contracts conform to the highest standards possible and ensure that those organisations that work with the Council to deliver services are made aware of the Council's strong anti-fraud, bribery, and corruption principles, including the "whistleblowing" policy.

Where appropriate the Council may exclude suppliers, contractors and service providers from public contracts following conviction for certain offences including participation in criminal organisations, fraud, corruption, bribery, or money laundering.

The Council will seek an assurance that those tendering to provide supplies, goods, services and works to the Council have adequate anti-fraud, bribery or corruption recruitment procedures and controls in place; have not colluded with others during

the tendering process; or canvassed or solicited any Elected Member or employee of the Council in connection with the award or future award of contracts.

In awarding any contract, the Council will act in accordance with its Contracts Procedure Rules and Procurement Policy and Strategy. Within its contract terms, the Council may exercise its right to terminate a contract and recover its losses if there is evidence of fraud, bribery, or corruption in connection within a Council contract by the contractor, its employees or anyone acting on the contractor's behalf.

The Council may seek the strongest available sanctions against the contractor, their employees or anyone acting on behalf of the contractor who commits fraud, bribery or corruption against the Council and will request that the organisation concerned takes appropriate action against any individual concerned.

Where contractors are involved with the administration of Council finances or those for which the Council has responsibility, the Council will conduct internal audit reviews and/or pro-active anti-fraud, bribery, or corruption exercises as part of the contract management process.

### **Collaboration and Working with Others**

The Council is committed to working and cooperating with other organisations to prevent organised fraud, bribery, and corruption. Wherever possible and legal the Council will assist and exchange information with other appropriate bodies to assist in investigations to combat fraud, bribery, and corruption.

The Council is committed to participation in the National Fraud Initiative. The Council provides information from relevant databases for matching against similar information of other Local Authorities and participating organisations.

The Council will consider joint working with certain agencies, including (but not limited to):

- Other Local Authorities
- Benefits agencies
- Local Police
- UK Border Agency.

### **Detection and Investigation**

The range of preventative systems within the Council, particularly internal control systems, can provide indicators of fraud, bribery, or corruption (and error) and can help to detect any inappropriate activity.

Management have responsibility for preventing and detecting fraud, bribery or corruption, and proactive exercises will be conducted by Internal Audit in targeted services areas where there is a high risk from fraud. However, despite the best efforts of managers and auditors, many irregularities are discovered often by chance or through the alertness of others and will come to the attention of the Council through its whistleblowing arrangements.

## Whistleblowing

Employees - The Council operates a Whistleblowing Policy and supporting Speak Out reporting mechanism in accordance with the provisions of the Public Interest Disclosure Act 1998, which is intended to encourage and enable all employees of the Council, including trainees and agency workers, to raise concerns about any financial or other malpractice in the Council. Everything will be done to protect confidentiality. The 'whistleblower' will be advised of the action that has been taken as far as the law will allow.

Where Members of the Council and Co-opted Members of Committees come into possession of information which may indicate a fraudulent or corrupt act is being perpetrated against the Council, they should report this to either the Chief Executive, Head of Finance, Monitoring Officer, Head of Regional Internal Audit Service, Head of Human Resources or the Chairman of the Governance & Audit Committee, in accordance with the Protocol on Member / Officer Relations (Section 21 of the Constitution) which complements the Local Code of Conduct for Members (Section 18 of the Constitution).

## Raising Concerns

Staff, Members, Suppliers and Contractors can raise their concerns either via:

- Directly contacting the Council's Internal Audit Service (01446 709724) or via post at the Council's Civic Offices.

The Council's confidential 'Speak Out' out number or online option below:

- Confidential Speak Out Line: 01446 731115
- Report a Concern Online: [Speak Out](#)

Alternatively, you can contact any of the recipients below with your concerns:

- Chief Executive: 01446 709202
- Head of Finance (Section 151 Officer): 01446 709254
- Monitoring Officer: 01446 709402
- Head of Regional Internal Audit Service: 01446 709572
- Head of Human Resources: 01446 709357

All are located at the following address:

Vale of Glamorgan Council  
Civic Offices  
Holton Road  
Barry  
CF63 4RU

Contact your Chair of Governors (if you work for a school)

Another alternative line of communication available where people do not wish to utilise the specific communications listed includes:

- Protect, formerly Public Concern at Work, (020 3117 2520), a registered charity.

## **Investigation**

In response to referrals of potential fraud, Investigations will be conducted in line with the Council's Fraud Response Plan. When information relating to fraud or corruption is obtained it is reviewed and subject to an informal risk assessment. Some are followed up with a full investigation and others may be better dealt with as management issues. Where appropriate management shall:

- Report all allegations immediately to Internal Audit and Senior Management.
- Follow any guidance provided.
- Where appropriate, contact other agencies, e.g., the Police.
- Where appropriate, support the Council's investigation and disciplinary procedures.

Depending on the nature and anticipated extent of the information obtained, Internal Audit will normally work closely with:

- Senior Management
- Human Resources
- Legal Services
- Other agencies, such as the Police and the Office of Fair Trading.

This is to ensure that all allegations and evidence are properly investigated and reported upon, and that where appropriate, losses are recovered for the Council. Where financial impropriety is discovered the matter may be referred to the Police in accordance with the Anti-Fraud and Bribery Policy. The Head of Finance, Monitoring Officer, or the Investigating Officer on their behalf, may seek the advice of the Police in the first instance. Referral to the Police will not prohibit subsequent or concurrent action under the disciplinary procedures.

Reporting cases in accordance with this Policy and the Whistleblowing Policy is essential and:

- Ensures the consistent treatment of information regarding fraud, bribery, or corruption
- Facilitates the proper investigation of suspected cases and
- Protects the interests of individuals and the Council.

The Council will treat all information received confidentially and will not disclose or discuss investigations with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of people suspected but subsequently found innocent of wrongful conduct and to protect the Council from potential civil liability. Any processing of personal data will comply with the Data Protection Act and the data protection principles.

## **Deterrence**

The Council recognises that fraud, bribery, and corruption are costly, both in terms of reputation risk and financial losses. The prevention of fraud is therefore a key objective of the authority and respective measures are outlined below.

There are a number of ways in which we deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside or outside of the Council, and these include:

- Publicising the fact that the Council is firmly set against fraud and corruption at every appropriate opportunity.
- Acting robustly and decisively when fraud, bribery and corruption is suspected.
- Prosecution of offenders.
- Taking action to effect maximum recovery for the Council.
- Use of the Proceeds of Crime Act where appropriate to maximise the penalty and the level of recovery by the Council.
- Having sound internal control systems, that still allow for innovation and efficiency, but at the same time minimising the opportunity for fraud, bribery, and corruption.
- Reporting to the media any action taken relating to acts of impropriety, subject to the usual restrictions on reporting legal proceedings.

## **Training and Awareness**

It is the responsibility of management to communicate the Anti-Fraud, Bribery & Corruption Policy to their employees and to promote within their teams a greater awareness of and alertness to the signs of fraud, bribery, and corruption.

Through induction training the Council ensures that all employees are clear about their responsibilities and duties in this respect, particularly those officers involved in internal control systems.

Internal Audit also offer support and guidance in relation to Anti-Fraud, Bribery & Corruption awareness.

Managers should ensure the message is highlighted and reinforced through the completion of the Fraud Awareness training module on 'iDev', as a core part of induction and employee's development.

It is mandatory for all employees to complete the e-learning module once every one/two/three years. The Internal Audit Service will also raise awareness through targeted training and the dissemination of fraud warnings and alerts received by the authority.

Senior management should ensure Members are aware of this Policy initially via the induction process and then reminding them of this Policy via Council publications. Members should also be encouraged to undertake the Fraud Awareness training module.

## **Courses of Action**

Mechanisms exist within the Council to act in cases of fraud, bribery, or corruption. These include the following:

### **Disciplinary Action**

Gross misconduct and other fraudulent or corrupt conduct will normally lead to dismissal. Failure to comply or breach any sections contained within this Policy could also be regarded by the Council as gross misconduct. Such actions will be dealt with in accordance with the Council's disciplinary procedures.

### **Prosecution**

The Council will seek full redress through the legal processes available to counter any internal or external fraudulent activities perpetrated against it. This redress will be achieved through criminal and/or civil courts as considered appropriate.

The Chief Executive, in consultation with the Head of Finance, the Monitoring Officer, HR Manager, the Internal Audit Manager and other external agencies as appropriate, will decide whether to formally refer the case to the Police for prosecution. Other external agencies involved may include Government Departments and the Crown Prosecution Service.

### **Monitoring of this Policy**

The Head of Finance (151 Officer) has overall responsibility for the maintenance and operation of this Policy and will liaise with the Chief Executive, the Monitoring Officer, the Head of Regional Internal Audit Service and the Head of Human Resources and Organisational Development on an annual basis to ensure that it continues to remain compliant and meets the requirements of the Council. Any material changes or updates will be reported to the Governance & Audit Committee.