
Anti-Fraud, Bribery and Corruption Policy



Council of the
ISLES OF SCILLY

November 2015

REVISIONS TO SOURCE DOCUMENT

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Date	Sept 15	Ratified by Council	
Responsible Officer	Senior Manager: Finance and Resources	Review Date	September 2016

VERSION HISTORY

Date	Version	Author/Editor	Comments
June 2005	1.0		
November 2015	2.0	Senior Manager: Finance and Resources	Addition of Bribery Act 2010, reformatting and addition of roles and responsibilities. Sanctions under the Bribery Act, Fraud Act and Money Laundering Regulations added.
June 2016	3.0	Senior Manager: Democratic & Corporate	Amended section in respect of the Money Laundering Reporting Officer

EQUALITIES IMPACT ASSESSMENT RECORD

Date	Type of Assessment Conducted	Stage/Level completed (where applicable)	Summary of Actions Taken Decisions Made	Completed by.	Impact Assessment Review date

DOCUMENT RETENTION

Document retention period	
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POLICY STATEMENT

- 1.1 The Council of the Isles of Scilly (CIOS) recognises and accepts its responsibility to manage the risk of fraud, corruption and bribery to ensure the protection of the public purse.
- 1.2 The council has a zero tolerance to all forms of fraud including, without limitation, bribery and money laundering.
- 1.3 The Council expects high standards of conduct and probity from Members and employees and requires them at all times to act honestly, with integrity and to safeguard the public resources for which they are responsible.
- 1.4 The Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do they, or will they, accept bribes or improper inducements.
- 1.5 The Council will not use a third party as a conduit to channel bribes to others as it is a criminal offence. The Council will not engage directly or indirectly in, or otherwise encourage bribery.
- 1.6 The Council also expects that all individuals and organisations associated with the Council to act with integrity and have the same high standards of probity that the Council expects of its employees. In addition, the Council expects all its partners, in both the private and public sectors, to establish sound and transparent governance arrangements.
- 1.7 The Council will actively seek to deter and prevent fraud and bribery and ensure that the associated risks are identified and managed effectively.
- 1.8 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.
- 1.9 Where fraud or bribery is suspected or detected it will be investigated and any proven fraud dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be vigorously pursued against anyone perpetrating, or seeking to perpetrate fraud, corruption or bribery against the Council.
- 1.10 When fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, the Council will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.
- 1.11 The Corporate Plan values of courage, being accountable, respectful and effective supports the opposition to fraud, bribery and corruption. In addition, the Corporate Plan encourages transparency and this policy assists in the furtherance of this objective.

- 1.12 The Council is committed to ensuring the wide circulation of this policy in order that all relevant parties understand the very high standards which the Council is determined to observe in all its business.

INTRODUCTION

- 2.1 Good Corporate Governance requires the authority to demonstrate clearly that it is firmly committed to dealing with fraud, bribery 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 a conflict of interest. This policy statement, however, will not compromise the Council's commitment to Equal Opportunities or other relevant statutory provision. The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as External Audit, other Government Inspection bodies, the Local Government Ombudsman, HM Customs & Excise and the Inland Revenue. These bodies are important in highlighting any areas where improvements can be made.

DEFINITIONS

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) provides the following definitions for fraud, bribery, corruption 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 of assets or otherwise for gain”.

In addition, fraud can also be defined as “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to mislead or misrepresent”.

Bribery- “An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.”

The Bribery Act 2010 came in to force on 1 July 2011. There are four key offences under the Act:

- Section 1 - Bribery of another person.
- Section 2 - Accepting a bribe.
- Section 6 - Bribing a foreign official.
- Section 7 - Failing to prevent bribery.

Corruption – “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

Money Laundering – “Money laundering is the term used to disguise criminally sourced cash or property in order to give the appearance of legitimacy. This is done by mixing the criminal transactions with the legitimate transactions of businesses”.

SCOPE

- 4.1 The policy covers any fraud or corrupt activity committed against the Council by employees, agency staff, members, contractors, consultants, suppliers, partners and other external organisations.
- 4.2 All the activities that are undertaken by the Council of the Isles of Scilly are covered by this policy. This not only includes direct income and expenditure but also that administered on behalf of the Government, any other body, clients and that for which it is the responsible accountable body. The Monitoring Officer is required to maintain a database of all Member Disclosable Pecuniary interests, and this database together with other intelligence will be used to identify any potential fraudulent activity.
- 4.3 In addition, this policy statement also covers “the failure to disclose an interest in order to gain financial or other pecuniary benefit.” The Monitoring Officer is required to maintain a database of all Member Disclosable Pecuniary interests and this database together with other intelligence will be used to identify any potential fraudulent activity.
- 4.4 It is the responsibility of all staff and Members to read and be familiar with the contents of this policy and any related procedures, and to notify the Section 151 Officer, Money Laundering Reporting Officer (MLRO) or the Monitoring Officer of any suspected cases of fraud or fraud risk.

PROCEDURE

- 5.1 The Council of the Isles of Scilly will fulfil its responsibility to minimise the possibility of fraud and bribery and protect its resources by focussing on the following areas:

DETERRENCE

- 5.2 The Council will promote and develop a strong anti-fraud culture, raise awareness through the circulation of this policy and anti-fraud working practices and provide information on all aspects of its anti-fraud work. A non-exhaustive list on the Council’s anti-fraud work can be found in Annex 1. This will include publicising the results of all proactive work, fraud investigations (Internal and External audit), successful sanctions and any recovery of losses due to fraud where possible.

PREVENTION

- 5.3 The Council of the Isles of Scilly will strengthen its work to prevent fraud and will ensure that new and existing systems and policy initiatives are designed to prevent fraud to the fullest extent possible.

- 5.4 The primary responsibility for the prevention and detection of fraud rests with the Section 151 Officer, however in their absence this responsibility lies with the Monitoring Officer.
- 5.5 The identification of fraud is also the responsibility of Senior Managers throughout the organisation. They have the responsibility to manage the risk of fraud and will be supported and trained so that this responsibility is discharged effectively.
- 5.6 The risk of fraud is considered as part of the corporate approach to risk management and Internal/External Audit will support managers by providing advice on the management of risk and design of controls.
- 5.7 The Council is actively committed to preventing fraud by reviewing and adjusting internal processes.
- 5.8 People wishing to pay in sums in excess of £250 to the Council's Customer Administration Team at the One Stop Shop must do so by credit/debit card or by cheque. If they don't have a bank account they need to make arrangements for payment through a third party who does.
- 5.9 The Council's Customer Administration Team at the One Stop Shop will accept no more than £250 cash for counter transactions at any one time, and no more than £500 in relation to an individual bill in a one week period.
- 5.10 Exceptionally, a single cash payment of between £250 and £500 may be approved by the MLRO.

DETECTION

- 5.11 It is the responsibility of management to prevent and detect fraud. However, Internal Audit plays an important role in detection through its normal course of work.
- 5.12 In addition to Internal Audit, there are systems and management controls in place to deter fraud, but it is often the vigilance of employees that aids detection.
- 5.13 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. The Council may also undertake specific initiatives to detect fraud. Examples include:

Data matching both internally and in accordance with the National Fraud Initiative to match data across different systems to detect fraud / irregularity.

- Spot checks of previous transactions will be randomly chosen, investigated and the results presented to Finance, Audit and Scrutiny Committee.
- Data matching via Housing Benefit Matching Service (HBMS).

REPORTING AND INVESTIGATING

- 5.14 An officer will be designated as the Money Laundering Reporting Officer, who will receive any report, keep records and if considered appropriate, make reports to the Serious Organised Crime Agency (SOCA)
- 5.15 To comply with the legislation all staff are required to follow the reporting procedures set out in this policy if they have knowledge of or suspicion of money laundering taking place.
- 5.16 Any person who has concerns of fraud or irregularity having been or being perpetrated against the Council, must report the concern. The report should be made to the officer's line manager unless the officer is concerned that the line manager may be involved in which case the report should be to the Section 151 Officer and in their absence, the Monitoring Officer. The report should be made immediately once the concern has been identified.
- 5.17 After reporting, the employee must not make any further enquiries into the matter and at no time and under no circumstances should they voice any suspicions to the person(s) whom they suspect of money laundering, otherwise they may commit a criminal offence of 'tipping off'. Also, they should not record on a client file that the MLRO has been notified – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render the employee liable to prosecution.
- 5.18 In all instances management must immediately, upon receiving a report of suspected fraud or significant irregularity, inform the Section 151 Officer. This is to:
- Ensure the protection of public assets
 - Ensure the consistent treatment of information regarding fraud, corruption or significant irregularity
 - Facilitate if required a proper and thorough investigation by appropriate officers in accordance with agreed procedures
 - Maximise the chances of a prompt and satisfactory outcome, with appropriate sanctions being applied
 - Help identify commonalities of irregularity and associated control weaknesses with a view to improving arrangements and processes.
- 5.19 Depending on the nature of the allegations, the Section 151 Officer will work closely with the Senior Manager concerned and, where necessary, appropriate staff (e.g. HR, Legal Services, Finance, IT) to identify and agree how any required investigation will be carried out and by whom.
- 5.21 For more information on reporting fraudulent activity, see the Council's Whistleblowing policy.

ACTION BY THE MONEY LAUNDERING REPORTING OFFICER

- 5.22 The MLRO will evaluate the disclosure and any other relevant information to determine whether:
 - 5.22.1 Actual or suspected money laundering is taking place; or
 - 5.22.2 There are reasonable grounds to know or suspect that this is the case;
 - 5.22.3 SOCA's consent is needed before a particular transaction can proceed.
- 5.23 If the MLRO concludes that actual / suspected money laundering is taking / has taken place, then unless there are reasonable grounds for non-disclosure, the matter will be disclosed to SOCA in the appropriate manner as soon as is practicable.
- 5.24 Where consent is required from SOCA for a transaction(s) to proceed, then the transaction(s) in question must not be undertaken or completed until either:
 - 5.6.3.1 SOCA has specifically given consent; or
 - 5.6.3.2 There is deemed consent through the expiration of the relevant time limits without objection being received from the SOCA.
- 5.25 The MLRO will keep all records relating to an investigation for at least five years from its conclusion and in compliance with the Data Protection and Freedom of Information Acts and document retention requirements.

SANCTIONS

- 6.1 The Council of the Isles of Scilly will apply realistic and effective sanctions against individuals or organisations where an investigation reveals fraudulent activity.
- 6.2 In the case of employees and Members, disciplinary action will be commenced pursuant to the Council's disciplinary procedure and Members Code of Conduct, and the relevant policy authorities notified.
- 6.3 In respect of external partners, a referral will be made to the police Authority, and any contractual arrangement reviewed with a view to termination.
- 6.4 In accordance with the Council's zero tolerance position towards fraud, anyone alleged of fraud will be suspended from duties pending investigation.
- 6.3 It should be noted that statutory sanctions include, but are not limited to the following:

Fraud Act 2006

The maximum penalty for offences under Sections 1, 7 and 9 and is 12 months' imprisonment on summary conviction and 10 years' imprisonment on conviction on indictment.

Section 10 of the Act increases the maximum penalty for offences contrary to Section 458 of the Companies Act 1985 to 10 years' imprisonment.

The maximum penalty for an offence under Sections 6 and 11 is 12 months' imprisonment on summary conviction and 5 years' imprisonment on conviction on indictment

Bribery Act 2010

An individual guilty of an offence under section 1, 2 or 6 is liable:

- On summary conviction, to imprisonment for a term not exceeding 12 months, or to a fine not exceeding the statutory maximum (£5,000), or to both
- On conviction on indictment, to imprisonment for a term not exceeding 10 years, or to a fine, or both.

Money Laundering Regulations 2007

A person who fails to comply with any requirement in regulation 7(1), (2) or (3), 8(1) or (3), 9(2), 10(1), 11(1)(a), (b) or (c), 14(1), 15(1) or (2), 16(1), (2), (3) or (4), 19(1), (4), (5) or (6), 20(1), (4) or (5), 21, 26, 27(4) or 33, or a direction made under regulation 18, is guilty of an offence and liable—

- (a) On summary conviction, to a fine not exceeding the statutory maximum;
- (b) On conviction on indictment, to imprisonment for a term not exceeding two years, to a fine or to both.

ROLES AND RESPONSIBILITIES

- 7.1 The risk of fraud cannot be dealt with in isolation. The management of the risk of fraud is a key aspect of corporate governance and it is essential that all Council of the Isles of Scilly members and officers (including any temporary staff) should have a good understanding of the Council's anti-fraud and bribery policy and strategy. However, some individuals and groups have specific leadership roles or responsibilities. These are identified below.

Stakeholder	Specific Responsibilities
Council	Individual members have the responsibility to support and promote an anti-fraud culture but collectively the Council is ultimately accountable for the effectiveness of the Council's arrangements for preventing, detecting and investigating fraud and corruption.
Senior Manager: Finance and Resources (Section 151 Officer)	Responsible for advising on financial standards to be adopted by the Council. To ensure that financial systems incorporate strong measures to reduce the risk of fraud/identify possible irregularities.
MLRO	The Money Laundering Reporting Officer is responsible for ensuring that any information regarding the knowledge or suspicion of money laundering is properly disclosed to the relevant authority when necessary. The Money Laundering Reporting Officer is responsible for:

	<ul style="list-style-type: none"> • Maintaining awareness of Money Laundering and training individuals so that the council's policies and procedures are carried out effectively • Receiving Money Laundering Reports from anyone who is suspicious of what is potentially money laundering conduct • Investigating suspicious reports of money laundering • Making external reports to the National Crime Agency
Monitoring Officer	<p>In the event of a failure to declare a disclosable pecuniary interest, the Monitoring Officer has the right to refer to the Director of Public Prosecutions.</p> <p>The Monitoring Officer also manages breaches of the Members Code of Conduct</p>
Chief Executive and Corporate Leadership Team	<p>Senior Managers and the Chief Executive must promote an environment in which employees know and understand that dishonest acts will be detected and investigated. They must therefore:</p> <ul style="list-style-type: none"> • Act with honesty and integrity; • Participate in in-house training covering fraud, fraud detection and fraud prevention. <p>Communicate this policy to their staff and promote a greater awareness of fraud within their business units.</p>
Internal Audit	<p>Internal Audit plays a role in trying to ensure that systems and procedures are in place, operating and being adhered to, to prevent and deter fraud and corruption. Internal Audit investigates all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations, in accordance with agreed procedures.</p> <p>Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Authority.</p>
External Audit	<p>Reviews the adequacy of the Council's arrangements for the prevention and</p>

	detection of fraud, corruption, bribery and theft.
Senior Officer: Shared Services	Responsible for ensuring that effective recruitment processes are in place.
All Employees	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. Employees should also comply with Council policies and procedures, be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns to management with regard to the Whistleblowing Policy
The Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud, corruption and bribery against the Council and report any genuine concerns or suspicions.

EMBEDDING AN ANTI-FRAUD AND BRIBERY CULTURE

- 7.2 The following measures will be taken to ensure that an anti-fraud and bribery culture is embedded within the Council of the Isles of Scilly:

TRAINING AND COMMUNICATION

- 7.3 The Council recognises that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees and accordingly will take appropriate action.
- 7.4 This Policy will be an integral part of the induction programme and will require Members and Officers to read and accept his policy.
- 7.5 This policy will be circulated via the MetaCompliance system to ensure acceptance and awareness.

RECOVERY OF LOSSES

- 7.6 In all cases where the Council has suffered a financial loss, the Council will seek to recover the loss, utilising the Proceeds of Crime Act (2002) where appropriate. The Council also has the option to consider recovery via civil proceedings.

REVIEW AND MONITORING

- 8.1 The Council will ensure that its approach to managing the risk of fraud is kept up to date with developments in best practice and regulatory requirements. This policy statement will be reviewed annually by the Finance, Audit and Scrutiny Committee.

LEGISLATIVE REQUIREMENTS

- 9.1 The Council will have full regard to relevant legislative requirements, including without limitation:
- Regulation of Investigatory Powers Act 2000
 - Terrorism Act 2006
 - Fraud Act 2006
 - Bribery Act 2010
 - Proceeds of Crime Act 2002
 - Police and Criminal Evidence Act 1984
 - Money Laundering Regulations 2007
 - Competition Act 1998
 - Companies Act 2006

LINKS WITH OTHER POLICIES

This policy also links to (and should be read in conjunction with) the following policies:

- Employee Code of Conduct
- Members Code of Conduct
- Whistleblowing Policy
- Disciplinary Procedure

ALTERNATIVE FORMATS

We want to ensure that your needs are met.

If you require this information on audio tape, Braille, large print, any other format or interpreted language other than English, please contact:

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