

Anti-Fraud & Corruption Policy

Live from 1 April 2025

Annual evolution changes to this policy are shown in red text each year

Finance

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1 PURPOSE OF THIS POLICY

Public trust and confidence in the way the Council conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards as it strives to achieve its objectives as stated in the Council's Corporate Strategy.

Public confidence will be weakened if fraud and corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.

The purpose of this document is to:

- Highlight relevant legislation
- Set out the Council's approach to countering fraud and corruption
- Detail roles and responsibilities of officers and councillors
- Provide further detailed guidance for officers and managers

2 WHO MUST COMPLY WITH THIS POLICY?

This policy applies to:

- Any person who is currently employed, directly or indirectly by Bournemouth, Christchurch and Poole Council (BCP) including those whose relationship is with a wholly owned entity, including trading companies and Arm's Length Management Organisations (ALMOs);
- Elected or Co-Opted councillors; and
- Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc.

Failure to comply with the procedures set out in this policy may lead to a criminal offence being committed and disciplinary action being taken. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

3 STATEMENT FROM THE CHIEF EXECUTIVE

I am fully committed to implementing and maintaining the highest standard of corporate and financial governance and ethical behaviour throughout BCP Council's activities and by all councillors and colleagues.

The diverse nature of services provided by the Council means that there are many areas where we could be a target for fraud. BCP Council will ensure that we understand the main fraud and corruption risks we are facing and will strive to ensure we have robust processes in place to prevent it occurring in the first instance. We will also ensure that our anti-fraud measures continue to evolve to meet the changing challenges of potential fraudsters.

We recognise that fraud against the Council harms residents and taxpayers of Bournemouth, Christchurch and Poole and for that reason fraud and corruption will not be tolerated. We will deal openly and forcefully with councillors, employees, contractors, service providers or the public who act dishonestly or with the intent to defraud the Council or our partners.

All councillors and colleagues have a personal responsibility to promote a culture of good governance by ensuring that effective measures are in place to prevent fraud, corruption and other irregularities and by promptly identifying and reporting potential instances for investigation.

4 LEGISLATION AND DEFINITIONS

FRAUD

The Chartered Institute of Public Finance defines fraud as “any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”.

Please note, where this policy refers to ‘fraud’ this also encompasses theft.

The [Fraud Act 2006](#) created a general criminal offence of fraud and identified three main ways in which it can be committed:

- Making false or misleading representations
- Failing to disclose to another person information which he/she is under a legal duty to disclose
- Abuse of a position of trust

CORRUPTION

There is no universally recognised definition of corruption, however a good working definition is: The abuse of entrusted power for private gain. Forms of corruption include lack of impartiality, cronyism, and embezzlement.

WHISTLEBLOWING

The [Public Interest Disclosure Act 1998](#) aims to protect individuals who make certain disclosures of information in the public interest, to allow such individuals to bring action in respect of victimisation, and for connected purposes.

As the types of disclosures covered by the Public Interest Disclosure Act 1998 extend beyond fraud and corruption, the Council maintains a separate Whistleblowing Policy.

MONEY LAUNDERING

Money Laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin so they can be retained permanently or recycled into further criminal enterprises.

[The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) (and as amended 2019, 2022 & 2024) require the Council to put in place best practice procedures and policies to prevent and protect their services from being used for potential money laundering activities.

The Council’s arrangements for complying with these regulations are found at Appendix C.

BRIBERY

The [Bribery Act 2010](#) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Council's arrangements for complying with the Bribery Act 2010 are found at Appendix D.

CRIMINAL FINANCES

Part 3 of the [Criminal Finances Act 2017](#) entered into force on 30 September 2017 creates the corporate criminal offence of failure to prevent tax evasion.

The Council's arrangements for complying with the Criminal Finances Act 2017 are found at Appendix E.

THEFT

The [Theft Act 1968](#) defines theft as "a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it."

SOCIAL HOUSING FRAUD

The [Prevention of Social Housing Fraud Act 2013](#) made tenancy fraud a criminal act.

FAILURE TO PREVENT FRAUD

The [Economic Crime and Corporate Transparency Act 2023](#) means the Council could face the risk of criminal prosecution and unlimited fines if they fail to prevent fraud. This legislation requires organisations to proactively assess their fraud risk exposure and develop effective frameworks to prevent, detect, and respond to fraud.

OTHER RELEVANT LEGISLATION

There is other related fraud and corruption legislation not detailed here (e.g. [Proceeds of Crime Act 2002](#) and [the Regulation of Investigatory Powers Act 2000 \(RIPA\) \(as amended 2024\)](#) and [Investigatory Powers Act 2016](#) (IPA) which came into force on 11 June 2019).

5 COUNCIL RESPONSIBILITIES

The Council has a statutory duty under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. BCP has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

The Accounts and Audit Regulations (England) 2015 require the Council to have appropriate control measures in place to enable the prevention and detection of inaccuracies and fraud. The Council is committed to an effective anti-fraud approach designed to reduce losses by:

- Acknowledging and understanding fraud risks faced.
- Preventing fraud happening and detecting it when it does occur.
- Pursuing and punishing fraudsters and recovering losses.

All officers and councillors are expected to follow the 'Nolan' [seven principles of public life](#) which are the ethical standards expected of public office holders. The principles are selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Detailed roles and responsibilities in relation to fraud and corruption are set out in Section 13 of this document.

6 FRAUD AND CORRUPTION RISKS

The Council regularly reviews its exposure to the risk of fraud and corruption. Internal Audit supports the maintenance of a risk register of all Council fraud and corruption risks. Management are responsible for ensuring that fraud and corruption risks are identified within their service area, and appropriate mitigating actions are put in place.

All officers and managers have a role in identifying and managing the risks of fraud and corruption within the Council. The risk of fraudulent or corrupt activity is assessed as part of the Council's overall risk management arrangements.

The Internal Audit Plan includes targeted reviews of service areas which have been identified as at high risk of fraud and corruption. Internal Audit also provide specialist investigative resources to support management with some aspects of external fraud risks to the Council.

Internal Audit participates in a number of anti-fraud networks through which they are alerted to new and emerging risks.

7 DETERRENCE, PREVENTION AND DETECTION

DETERRENCE

A strong anti-fraud culture is an effective deterrent to potential fraudsters, whether internal or external to the Council, who may be considering committing or attempting to commit fraudulent or corrupt acts.

The Council is committed to embedding an anti-fraud culture where staff at all levels regard fraud and corruption as unacceptable, are vigilant in the workplace to the indicators of fraud and corruption and are confident in the mechanisms for reporting and investigating fraud. Arrangements include HR policies and procedures, staff fraud awareness training and the Council's Whistleblowing Policy which encourages individuals to raise concerns.

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

PREVENTION

The Council's codes of conduct, declaration of interests, gifts & hospitality policy, financial regulations, procurement guidance and recruitment procedures have all been designed to reduce the risk of fraud and corruption. Managers have a responsibility to ensure that employees are aware of, and comply with, these and other relevant policies.

Managers are responsible for assessing the potential risk exposure of fraud and corruption within their own service's activities and for implementing strategies to reduce this risk. They are responsible for ensuring that robust systems are in place which meet key control objectives and minimise the potential for fraud and corruption. They must regularly ensure that the controls are appropriate and working as intended. They must also ensure that opportunities for fraud are identified and eliminated from systems at the earliest opportunity. Further guidance for officers and managers can be found in Appendix A.

Internal Audit provide advice to managers to ensure they are fully aware of the need to consider the preventative aspects of fraud and corruption work.

The recruitment of appropriate personnel to the organisation is essential in maintaining a strong anti-fraud culture. Procedures for recruitment include obtaining references, right to work and criminal record checks.

DETECTION

The implementation and review of robust systems of internal control by management is critical to detecting irregularities. Important controls to detect potential fraud include management checks, reconciliation processes and exception reports.

Internal Audit carry out a programme of counter-fraud work every year and report the outcomes to the Audit & Governance Committee.

8 REPORTING CONCERNS

EVERYONE TO WHOM THIS POLICY APPLIES is responsible for

- Contacting the Police immediately if a crime is in progress, or an emergency response is required.
- Making an immediate note of the concerns (recording all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved)
- Promptly reporting the suspicions to your line manager or Internal Audit (see contact details below). If the concern falls under the Council's Whistleblowing Policy the employee will be afforded protection from any detriment
- Not telling anyone else about the suspicions
- Not approaching or accusing individuals directly
- Not reporting the matter to the Police (unless under the circumstance above)
- Not carrying out an investigation (as this may damage any subsequent investigation)
- In cases of suspected money laundering, immediately advising the Council's designated Money Laundering Reporting Officer (See Employee Obligations under the Council's Anti Money Laundering Requirements Appendix C)

Concerns can be reported to Internal Audit via the following:

- Fraud Hotline: 01202 817888
- Fraud email: fraud@bcpcouncil.gov.uk

MANAGERS are additionally responsible for

- Contacting the Police where a theft or burglary has occurred or has been reported by an employee as having taken place (and the Insurance Team notified).
- Ensuring any concerns raised with them are promptly notified to the Head of Audit & Management Assurance. The investigation process will follow the Fraud Response Plan (see Appendix B).

9 INVESTIGATIONS & SANCTIONS

INVESTIGATION

The Chief Internal Auditor is responsible for determining the nature of any investigative work required in respect of any allegation of fraud or corruption, usually in consultation with the service manager.

Investigations will follow the procedures outlined in the fraud response plan as shown at Appendix B.

Financial Regulations set out rights of access for the Chief Internal Auditor and nominated representatives to enable an effective investigation to be undertaken.

SANCTIONS

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

The decision to refer cases to the Police will be taken by the Chief Internal Auditor following consultation with the relevant manager, the Monitoring Officer and the Chief Financial Officer. A protocol has been established to guide and document this process, which ensures that the application of sanctions is done in a comprehensive, consistent, and proportionate manner.

Financial Regulations give the Chief Internal Auditor the right to refer cases directly to the Police where a clear criminal offence has occurred, or it is considered that an internal inquiry would compromise the integrity of the investigation and/or otherwise prejudice the interests of the Council or the general public.

The Council will take all possible action to recover losses from fraud and corruption, including expenses incurred during an investigation, using criminal and civil law to the fullest extent.

10 FRAUD AWARENESS

Mandatory fraud awareness training is in place for all employees, through an [E-learning portal](#), to reinforce key anti-fraud messages and ensure a consistent level of awareness across the organisation. In addition to this, specialist training is available to officers, in particular those areas identified as at risk from bribery or money laundering.

Regular communications are issued by Internal Audit to promote fraud awareness by communicating information on corporate anti-fraud policy and guidance to staff, schools and Councillors including examples of recent frauds.

The Council ensures that those undertaking anti-fraud work, including investigation and systems review, do so within ethical and professional frameworks and with appropriate training, accreditation and resources for the role.

11 WORKING WITH OTHERS

The Council works in partnership with other organisations including other Local Authorities to share knowledge of fraud risks and specialist anti-fraud resources, investigate allegations, and also to provide a co-ordinated response.

The Council is committed to exchanging information with other local and national agencies to identify and prevent fraud. The Council is committed to full participation in the National Fraud Initiative and other data-matching exercises.

12 MONITORING

The Council's arrangements for countering fraud and corruption are measured and reported upon in the following ways:

- Records are maintained of whistleblowing reports and fraud Investigations, including the outcome of police investigations, subsequent application of sanctions, and recovery of losses.
- The Council participates regularly in fraud surveys and benchmarking exercises.
- The Council aspires to continually improve its resilience to fraud and Internal Audit measures improvement using the CIPFA 'Code of Practice on Managing the Risk of Fraud and Corruption' tool.
- Annual report to the Audit & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy.

13 DETAILED RESPONSIBILITIES

All Employees	Employee responsibilities are: • to uphold the highest standards of conduct, propriety and accountability by adherence to legal and Council requirements, rules, procedures and practices including the 'Nolan' seven principles of public life. • to be open, honest and politically neutral in their work • to comply with the Council's Anti-Fraud & Corruption Policy • to comply with the Council's Employee Code of Conduct • to comply with the Council's Declaration of Interests, Gifts & Hospitality Policy including making a 'base' declaration where required and keeping this declaration up to date. • to be aware of the possibility of fraud and corruption both internal and external • to report any concerns or suspicions regarding fraud, corruption or other irregularities, if need be via the Whistleblowing Policy • to report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer
Managers	In addition, Manager's responsibilities are: • to create an atmosphere where honesty and integrity are valued highly, and fraud, corruption and dishonesty are not tolerated

	• to promote staff awareness and ensure staff understand their own responsibilities • to make available appropriate training to employees • to ensure that there are mechanisms in place within their service areas to assess the risk of fraud & corruption. • to ensure that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption • to notify the Chief Internal Auditor immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property and/or resources • pending investigation and reporting, managers must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration • to act in accordance with the Whistleblowing Policy to support any employees who have 'blown the whistle' • to ensure declarations of interests, gifts & hospitality forms are held centrally with the service directorate or with the Monitoring Officer for Tier 4 and above officers. • to instigate the Council's disciplinary procedures where the outcome of an audit or special investigation indicates improper behaviour
Chief Internal Auditor	• to consider the adequacy of the Council's anti-fraud and corruption arrangements • to support the preparation and maintenance of an Anti-Fraud & Corruption Policy • to liaise with the Police and Courts in the investigation and prosecution of fraud and corruption as necessary • to determine the nature of any investigation work required in respect of any allegation of fraud or corruption. • to ensure that actions are identified to improve controls and reduce the risk of recurrence of irregularities • to produce an annual report to the Audit & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy
Chief Finance Officer	• to develop, maintain and implement an Anti-Fraud & Corruption policy (and associated whistleblowing policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity • to advise on the controls required for fraud prevention and detection • to appoint a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made • to ensure that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010 • to ensure rights and powers of internal auditors and fraud investigators are upheld at all times across the organisation
Monitoring Officer	• to advise councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and statutory Codes of Practice

Chief Executive	to support and promote the development of a strong anti-fraud & corruption culture.
Councillors	- to support and promote the development of a strong anti-fraud & corruption culture. - to adopt high standards of conduct in order to uphold “general principles of conduct” and all other legal requirements, rules, procedures and practices - to immediately notify an appropriate officer of any suspicions of fraud or corruption - to report any suspected breach of the Code of Conduct by another Councillor to the Standards Board
Audit & Governance Committee	to consider arrangements for anti-fraud and corruption, including ‘whistle-blowing’ including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy
Standards Committee	to monitor and advise upon the content and requirement of Codes, Protocols and other procedures relating to standards of conduct for councillors
External Audit	- to establish an understanding of management processes in place to prevent & detect fraud - to establish an understanding of how the Audit & Governance Committee gain assurance from management over the identification and responding to risks of fraud in the Council. - to respond to whistleblowing disclosures when acting as an external prescribed person or body.
Partners, Contractors, Suppliers, Public	to be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions to a Manager, Internal Audit, the Chief Executive or a Councillor.

14 FURTHER INFORMATION AND EVIDENCE

Consultees

The following individuals/groups have been consulted during this year’s evolution of this policy:

Name
Internal Audit
Statutory Officers Group

Equalities Impact Assessment

Assessment date	Reviewed as part of this year’s evolution. Minor amendments have been made which have been assessed by the Service Unit Equality Champion as having minor negative equalities impacts but mitigating actions are in place. Updated EIA assessment as per Appendix H.
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Document Control

Approval body	Audit and Governance Committee
Approval date	27 February 2025

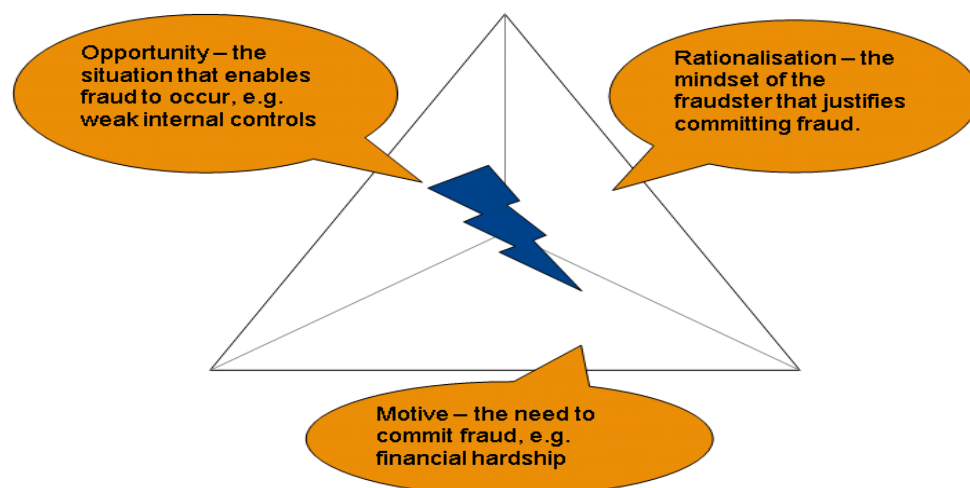
V1 – December 2018	New Policy created (please note any version changes in the future will be shown in red text)
V2 – March 2020	Annual policy review. Added Criminal Finances Act 2017 Requirements (new Appendix E). Added new definition of Corruption. Updated legislation/link <u>The Money Laundering, Terrorist Financing (Amendment) and Transfer of Funds (Information on the Payer) Regulations 2019</u> and value to not take any cash payment amended from £12,000 to £10,000 (same as Financial Regulations). Some other minor changes made including reformatting to BCP corporate formatting requirements.
V2021.1 – March 2021	Annual policy review. Included reference to new BCP Declaration of Interests, Gifts & Hospitality Policy. Updated contact details and made some minor best practice wording changes. Appended EIA screening tool.
V2022.1 – March 2022	Annual policy review. Updated definition of corruption. Included Regulation of Investigatory Powers Act 2000 and Investigatory Powers Act 2016 under other relevant legislation. Minor other wording and contact detail changes.
V2023.1 – March 2023	Added manager guidance to contact the Police where a theft or burglary has occurred and to notify the Insurance Team. Added statement that Financial Regulations give the Chief Internal Auditor the right to refer cases directly to the Police where a clear criminal offence has occurred. Anti-Money Laundering Requirements Appendix C: updated legislation/link to <u>The Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022</u> . Anti-Money Laundering Requirements Appendix C: added need to investigate the circumstances where a refund is requested and expanded indicators to look for to include attempts to make any large cash payments / deposits, attempts to makes any abnormally large payment / deposits, and requests a refund for a series of overpayments.
V2024.1 – March 2024	Annual policy review. Under Other Relevant Legislation added links to <u>Proceeds of Crime Act 2002</u> , <u>Regulation of Investigatory Powers Act 2000</u> and <u>Investigatory Powers Act 2016</u> . Added to Appendix A Further Guidance for Officers & Managers guidance on examining identity documents. Included in Appendix C Anti-Money Laundering Requirements a statement that the Council will cooperate fully with law enforcement authorities, regulatory bodies, and other relevant agencies in combating money laundering and terrorist financing.
V2025.1 – February 2025	Updated some links to latest versions of legislation. Updated link to e-learning system (now Skillgate). Added reference to <u>The Money Laundering and Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024</u> under Appendix C. Added need to carry out enhanced due diligence checks if customer is high risk under Appendix C. Added direct link to Criminal Finances Act in Appendix E. Removed reference and link to CIPFA School Fraud Risk Assessment tool in Appendix G as no longer accessible.
V2025.2 – February 2025	Minor amendments to strengthen EIA after EIOA panel review
V2025.3 – July 2025	Added Appendix F relating to the Economic Crime & Corporate Transparency Act (ECCTA) 2023 – Failure to Prevent Fraud in accordance with delegated authority to the Head of Audit & Management Assurance as approved by the Audit & Governance Committee on the 27/02/25. Reordered the appendices to group legal act requirements sections together. Insertion of ECCTA into list of relevant legislation.

FURTHER GUIDANCE FOR OFFICERS & MANAGERS

WHY DOES FRAUD OCCUR?

Three key elements exist in most acts of fraud and corruption and are shown in the diagram below;

The Fraud Triangle



1. Opportunity

The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility.

Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified. Managers are therefore responsible for ensuring that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption.

2. Motive/Incentive/Pressure

A person who commits fraud may be pressured to, or need to, commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

3. Rationalisation

A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they'll pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

TRUST & HONESTY

- Almost all internal fraud involves the abuse of trust
- Reliance on trust and honesty is not a fraud control

WARNING SIGNS OF POTENTIAL FRAUD

Supplier Invoices

- There is no record of an official order made
- The invoice contains errors in details such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Invoices and or supporting documents appear inadequate/photocopied or obviously altered

Customer Applications and Payments

- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal

- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary/relevant to job role
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails

EXAMPLE KEY CONTROLS

Some "key" controls that should ensure systems are robust are detailed below:

- Pre-employment checks are carried out for all new staff.
- Sound accounting processes, prompt financial reporting, budgets independently monitored, apparent discrepancies investigated, bank accounts promptly reconciled.
- Supervision of high fraud risk areas like cash collection.
- Independent monitoring and checking of data and supporting documentation.
- Proper arrangements for the receipt, recording and checking of goods received or services rendered.
- Responsibility for financial tasks clearly defined, documented and understood.
- Adequate separation of duties ensuring that more than one employee is involved in tasks like income collection and payment processing.
- Proper authorisation procedures which require approval of material transactions
- Physically securing and accounting for controlled stationery and cheques.
- Payment only on production of original supporting documentation.
- Processes to monitor compliance with these controls by, for example, reviewing completion of control documents and reconciliations.

REPORTING CONCERNS – Guidance for EMPLOYEES	
✓	✗
• do raise the matter ○ the sooner the problem is raised and looked into the sooner any wrong doing can be stopped. • do make an immediate note of your concerns ○ it is important that you make an immediate note of key details such as what caused your suspicion, when things happened and who was involved. • do pass on your suspicions to someone in authority ○ for an employee this would normally be your Line Manager, however this may not always be appropriate (see “Reporting Concerns” under the Anti-Fraud & Corruption Policy) • do check the Council’s whistle-blowing policy ○ this will give you more information on how you can safely raise a genuine suspicion within the Council and who you should talk to.	• don’t do nothing ○ if you are worried that some wrongdoing is happening within the Council, please don’t keep it to yourself. • don’t be afraid to raise your concern ○ the Council’s whistle-blowing policy will provide safeguards. • don’t approach or accuse any individual directly • don’t try to investigate the matter yourself ○ both the above could only make matters worse and prejudice the official investigation.

N.B. The regulations for Money Laundering have specific and clear guidance for what to do if you suspect Money Laundering is occurring. Check the Anti-Money Laundering Requirements at Appendix C.

REPORTING CONCERNS – Guidance for MANAGERS	
✓	✗
• do be responsive to staff concerns ○ you need to encourage staff to be able to raise any genuine concerns with you. You should reassure them that if they raise concerns with you, they will be protected from victimisation or reprisal. • do note details ○ get as much information as possible from the person raising the concern. If they have made notes or have documentary evidence, ask for copies of these. • do evaluate the information objectively and consult ○ before you take the matter further, you need to decide whether the suspicions seem justified. Consider the facts as you have them and consult with Internal Audit about what should happen next.	• don’t ignore concerns raised with you ○ as a Manager you should reassure staff about raising concerns. • don’t approach or accuse any individuals directly ○ you may inadvertently tip off a fraudster before evidence has been collected. • don’t convey your suspicions to anyone other than those with the proper authority to investigate • don’t try to investigate the matter yourself

• do deal with the matter promptly ○ the sooner the problem is passed on by you for investigation the sooner the potential fraud or corruption can be stopped • do advise the Chief Internal Auditor who will advise on the appropriate course of action, in line with the Fraud Response Plan Appendix B	○ both the above could only make matters worse and prejudice the official investigation.
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GUIDANCE ON EXAMINING IDENTITY DOCUMENTS

The National Document Fraud Unit at the Home Office, has prepared valuable guidance around document identification and verification to increase awareness of the different types of identity documents used for identification purposes, including indicators to help recognise forged documents. Please click on the link below to access this information - [Home Office Guidance on Examining Identity Documents 2023](#)

Remember that detecting document fraud requires a combination of attention to detail, familiarity with authentic documents, and the use of appropriate tools and technologies. If you suspect a document is fraudulent, please consult your manager or contact Internal Audit.

Further advice can be sought from Internal Audit on any of the above areas by e-mail fraud@bcpcouncil.gov.uk or phone 01202 817888.

FRAUD RESPONSE PLAN

Please note that this is intended as a guide and not all stages will be followed in all circumstances or necessarily in the order detailed below.

Stage 1 – Commencing an Investigation

Decisions to proceed with an investigation will be made by the Chief Internal Auditor (in liaison with the appropriate service manager). The Chief Internal Auditor will determine the involvement of other officers including the Chief Finance Officer and the Head of Human Resources, and the applicability of the Council's Whistleblowing Policy.

Stage 2 – Appointment of Investigating Officers

For each investigation, the first step will be to appoint an Investigating Officer. This will usually be an officer from the service concerned who will consult on the detailed investigation process with Internal Audit. The Chief Internal Auditor will appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).

Stage 3 – Planning the Investigation

The Investigating Officer will need to liaise with the Internal Audit lead officer to ensure that a plan of action is drawn up. Internal Audit will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.

Stage 4 – Referral to Police

If the investigation relates to a suspected criminal offence, the Chief Internal Auditor will need to consider (in conjunction with the Manager, the Monitoring Officer and the Chief Financial Officer) whether to inform the Police. If they decide that a formal police investigation is necessary, then liaison with the Police will normally be via the Internal Audit lead officer.

Stage 5 – Gathering Evidence

The Investigating Officer will ensure, in conjunction with the Internal Audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered legally, objectively, systematically and in a well-documented manner. Where this is being carried out in conjunction with a Police investigation the Internal Audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The Internal Audit lead officer will keep the Investigating Officer fully informed of all developments with any Police investigation.

Stage 6 – Progress Reviews

During the investigation, the Investigating Officer/lead Internal Auditor will produce interim reports (which can be verbal reports) on progress and findings.

Stage 7 – Conclude Investigation and Improve System Controls

The Investigating Officer/lead Internal Auditor will produce a final report that may be used by management as a basis for disciplinary action, where necessary, in liaison with Human Resources. An issues report will identify any system weaknesses that enabled the fraud to occur and recommend improvements.

Stage 8 – Recovering Losses

The Investigating Officer/Lead Internal Auditor will ensure that all opportunities are followed to obtain compensation for any losses incurred including insurance, voluntary restitution or compensation claims.

Stage 9 – Press Release

The decision to issue press statements about fraud or corruption cases that have been investigated and proven by the Council will be made by the Investigating Officer, Chief Internal Auditor, and Monitoring Officer together with the Council's Communications Team. They will take account of, on a case by case basis, any sensitive and legal issues involved and the need for confidentiality.

ANTI-MONEY LAUNDERING REQUIREMENTS

1 INTRODUCTION

What is money laundering?

Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

The source of money, either in cash, paper or electronic form (often referred to as “dirty money”) is disguised and is given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as but not limited to terrorism, drug smuggling, theft and fraud.

Legislation

The legislation which is relevant to this Anti-Money Laundering Policy is:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“MLR”) as amended by [The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](#), [The Money Laundering and Terrorist Financing \(Amendment\) \(No. 2\) Regulations 2022](#), and [The Money Laundering and Terrorist Financing \(High-Risk Countries\) \(Amendment\) Regulations 2024](#)
- The Proceeds of Crime Act 2002 (“POCA”) (as amended by the Serious Organised Crime and Police Act 2005)
- The Terrorism Act 2000 (“TA”) (as amended by the Anti-[Terrorism](#) and Security Act 2001 and the Terrorism Act 2006).

Money Laundering Regulations

The Council is not defined as a ‘regulated business’ under the regulations and therefore is not legally obligated to apply the provisions of all of the regulations. However, the Council is committed to complying with the spirit of the legislation and regulations as advocated by the Chartered Institute of Public Finance & Accountancy’s (CIPFA) guidance.

The money laundering legislation, regulations and this policy aim to provide preventative measures to reduce the risk of money laundering occurring and to aid identification of any money laundering activity that may occur.

While the risk to the council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.

The Council will cooperate fully with law enforcement authorities, regulatory bodies, and other relevant agencies in combating money laundering and terrorist financing.

2 THE COUNCIL'S AND EMPLOYEES' OBLIGATIONS

Council's Obligations

Under the legislation and best practice guidance the Council must:

- Appoint a Money Laundering Reporting Officer ("MLRO") (Compliance and Nominated Officer) to receive disclosures from employees and councillors of money laundering activity (Paragraph 3);
- Implement a procedure to enable the reporting of suspicions of money laundering (Paragraph 4);
- Maintain client identification procedures (due diligence) where appropriate;
- Maintain record keeping procedures (Paragraph 5);
- Undertake an assessment of the money laundering risk that the Council is exposed to (Paragraph 6);
- Train relevant employees on their anti-money laundering responsibilities (Paragraph 7).

Employees' Obligations

Under the legislation and best practice guidance employees must:

- Immediately report any suspected money laundering activity (see section 9, Possible indicators of money laundering) to the Money Laundering Reporting Officer (MLRO) as detailed in the Money Laundering Disclosure Procedure section below
- Not take any cash payment over £10,000 (please note this can be a single transaction or a series of related transactions) and formally report any attempt to do so to the MLRO.
- Verbally report any cash transactions over £5,000 but lower than £10,000 to the MLRO (see Money Laundering Disclosure Procedure section below)
- Investigate the circumstances where a refund is requested.
- Not discuss money laundering suspicions with anyone other than the MLRO
- Undertake customer due diligence wherever possible.

3 THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

The Money Laundering Reporting Officer (MLRO) for the Council is the Head of Audit & Management Assurance. The MLRO is responsible for receiving disclosures regarding suspicions of money laundering activity, evaluating the information provided and, determining whether to report suspicions of money laundering to the National Crime Agency.

Disclosures of suspected money laundering must be made to the MLRO using the Money Laundering Disclosure Procedure in paragraph 4 below. If the MLRO is unavailable the Deputy Money Laundering Officer (Deputy Chief Internal Auditor) must be contacted in their absence.

Disclosure by an Employee

Numerous scenarios could occur where Council employees in the course of their job become aware of potential money laundering activity. In order to prevent the risk of prosecution, employees need to be aware of the need to report these instances.

Where an employee knows or suspects that a money laundering activity is taking/has taken place or becomes concerned that their involvement in a matter may breach legislation, they must disclose this to the MLRO **immediately**.

The suspected money launderer **must not** be informed in any way that a report has been made against them.

The disclosure must include as much detail as possible and should include:

- Names and addresses of persons involved (if a company/public body please include nature of business)
- Nature, value and timing of activity involved
- Suspicions regarding the activity

Once the employee has reported the matter to the MLRO they must follow any directions they are given. The employee **must not** make any further enquiries into the matter.

Consideration of Disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure, the MLRO must note the date and acknowledge it.

The MLRO will consider the disclosure and any other available internal information they think relevant. This may include:

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Clarification of events with the discloser
- Any identification evidence held.

The MLRO will undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of “tipping off” those involved).

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- There is actual or suspected money laundering taking place; and
- There are reasonable grounds to know or suspect that this is the case; and
- Whether he needs to seek consent from the NCA for a particular transaction to proceed.

5 CUSTOMER DUE DILIGENCE

The Council is not defined as a 'regulated business' under the regulations but as the Council is committed to complying with the spirit of the regulations customer due diligence best practice should be followed wherever possible:

- Identify the person seeking to form the business relationship or conduct the transaction (this could be an individual or a company).
- Verify their identity using reliable, independent sources of information
- Identify who benefits from the transaction
- Monitor transactions to make sure they are consistent with what you understand about that person or company
- Understand the source of their funds
- Ensure there is a logical reason why they would want to do business with the Council
- **Enhanced due diligence ([as per Government guidance](#)) should be carried out if a customer is identified as high risk i.e. a politically exposed person or from a high risk country as defined by [The Money Laundering and Terrorist Financing \(High-Risk Countries\) \(Amendment\) Regulations 2024](#).**

6 MONEY LAUNDERING RISK

The Council will produce a risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. In addition, money laundering will form part of the Council's Fraud Risk Register.

7 TRAINING

In support of this policy, the Council will:

- Make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
- Give targeted training to those most likely to encounter money laundering.

8 OFFENCES UNDER THE ACTS

The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what sort of Council business they are undertaking) could contravene the money laundering regulations if they become aware of, or suspect the existence of criminal property, and continue to be involved in the matter without reporting their concerns.

Primary money laundering offences:

1. Concealing, disguising, converting, transferring criminal property or removing it from the UK
2. Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
3. Acquiring, using or processing criminal property

Secondary money laundering offences:

- Failure to disclose any of the three primary offences

- “Tipping off” whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation

Failure to report suspicious money laundering activities or be involved in money laundering activities may lead to a criminal offence being committed and disciplinary or legal action being taken against you. Any internal disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

9 PRACTICAL GUIDANCE

Possible Indicators of Money Laundering

The success of money laundering often depends upon a transaction appearing ‘normal’ however there are a number of ways to identify possible money laundering.

Beware of potential transactions where the other party:

- Enters into transactions which make little or no financial sense, or which go against normal practice;
- Cancels transactions without good reason and requests a cheque for previously deposited funds;
- Attempts to make any large cash payments / deposits;
- Attempts to make any abnormally large payment / deposits;
- Makes large overpayments of fees or money on account;
- Requests a refund for a series of overpayments;
- Is happy to enter into an apparent bad deal for them;
- Is unwilling to explain the purpose of a transaction or method of payment or refuses to provide information requested without reasonable explanation;
- Suddenly changes their pattern of activity or method of payment;
- Enters into arrangements beyond their apparent financial means or if the Buyer or Seller's financial profile does not fit (particularly in relation to property transactions);
- Unnecessarily routes funds through third party accounts or has overly complicated financial systems; and / or
- Uses more than one Solicitor / Conveyancer in the sale or purchase of a property or land or if there is an unexplained and unusual geographic use of a solicitor in relation to a property's location

Similarly, you will need to be wary if information about the customer reveals criminality or association with criminality (e.g. previous benefit fraud or suspected benefit fraud).

ANTI-BRIBERY REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place to ensure compliance with the Bribery Act 2010. It explains the process through which the Council intends to maintain high standards and to protect the organisation, employees, councillors and business partners against allegations of bribery and corruption.

The Council is committed to the highest possible standards of openness, probity and accountability and to conduct its business in an honest and open way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2 WHAT IS BRIBERY?

The [Bribery Act 2010](#) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Bribery Act 2010 introduced the following criminal offences:

- **The offence of bribing another person (section 1).** This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person who will perform the function or activity concerned.
- **The offence of being bribed (section 2).** This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.
- **Bribery of a foreign public official (section 6).** This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.
- **A corporate offence of failure to prevent bribery (section 7).** A commercial organisation* could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.

*The Council accepts that public bodies (in particular its commercial activities) may be classed as a "commercial organisation" in relation to the corporate offence of failing to prevent bribery. In any event, it represents good governance and practice to have adequate procedures in place to protect the Council, councillors, employees and partners from reputational and legal damage. It is in the interests of everybody connected to the Council to act with propriety at all times.

3 WHAT ARE THE CONSEQUENCES?

An individual guilty of a criminal offence under sections 1, 2 or 6 of the Bribery Act, in addition to potential disciplinary action, is liable on conviction in:

- A magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both.
- A crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Council, if convicted under sections 1,2, or 6 will also face the same level of fines and if guilty of an offence under section 7, is liable to an unlimited fine.

4 WHAT DO I NEED TO DO AS AN EMPLOYEE?

- **Be aware of the Bribery Act 2010** and this document
- **Declare any conflicts of interests** in accordance with the Council's Declaration of Interests, Gifts & Hospitality Policy.
- **Declare any gifts or hospitality** in accordance with the Council's Declaration of Interests, Gifts & Hospitality Policy.
- **Abide by separation of duties** in systems
- **Comply with delegated authority limits** for decisions
- **Ensure transparency of all activities** by retaining sufficient documentation for all transactions
- **Complete the Fraud Awareness e-learning module**
- **Speak up if you have any concerns** (see 'Reporting Concerns' section of the Council's Anti-Fraud & Corruption Policy and/or the Council's Whistleblowing Policy)

5 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT BRIBERY OCCURRING?

The Council has put in place robust arrangements which comply with Ministry of Justice Guidance which focuses on the Six Principles for Bribery Prevention:

1. Proportionate Procedures

There are several policies and procedures which are in place that contribute towards prevention, detection and investigation of bribery including:

- Constitution and Scheme of Delegation
- Financial Regulations
- Procurement Guidelines
- Anti-Fraud & Corruption Policy
- Whistleblowing Policy
- Declaration of Interests, Gifts & Hospitality Policy
- Internal Audit Plan
- Risk Management Framework
- Codes of Conduct for councillors and Employees
- Disciplinary Procedures and Rules

2. Top level commitment

- A strong anti-fraud culture is established and outlined in the Council's Anti-Fraud & Corruption Policy. Councillors and senior management are committed to ensuring anti-bribery arrangements are robust and adequate.

3. Risk Assessment

- An annual Fraud and Corruption Risk Assessment is undertaken which considers the risk of bribery across all service areas
- All managers are responsible for regularly reviewing the risks from Fraud and Corruption in their business

4. Due diligence

- All necessary efforts are made to ensure that business partners are known and that business relationships are transparent and ethical

5. Communication (including training)

- Commitment to embedding anti-bribery within the Council is in place via policies, procedures and anti-fraud training arrangements.
- Consistent and proportionate sanctions are applied in line with disciplinary policies and the Anti-Fraud & Corruption Policy

6. Monitoring and review

- Internal Audit regularly review systems assessed as at high risk of bribery
- The relevant policies and procedures are regularly reviewed

CRIMINAL FINANCES ACT 2017 REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place to ensure compliance with the Criminal Finances Act 2017 Part 3 (CFA 2017).

The CFA 2017 introduces a new Corporate Criminal Offence of failure to prevent the facilitation of tax evasion. Under the CFA 2017, the Council, if found to be facilitating tax evasion, could face an unlimited fine and consequent damage to its reputation.

The Council aims to conduct its financial affairs in a law abiding way and does not tolerate either the commitment or facilitation of tax evasion.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2 LEGISLATION

[Part 3 of the CFA 2017](#) entered into force on 30 September 2017, and creates the corporate criminal offence of failure to prevent tax evasion.

Tax evasion is the illegal non-payment or under-payment of taxes, usually as the result of making a false declaration (or no declaration) of taxes due to the relevant tax authorities, which results in legal penalties if the perpetrator is caught.

Tax avoidance, by contrast, is seeking to minimise the payment of taxes without deliberate deception. This is often legitimate but is sometimes contrary to the spirit of the law, e.g. involving the exploitation of loopholes.

Importantly the corporate criminal offence of facilitation only applies to tax evasion. The third party must be found guilty of tax evasion before the Council can be found to have facilitated it.

It is a criminal offence for anyone to evade paying tax of any kind, and also to help anyone to do so. Any individual found to be guilty of this could be subject to criminal proceedings under existing legislation. However, under the Criminal Finances Act 2017 in the event of there being both:

- a) Criminal tax evasion by either a UK or overseas taxpayer (as an individual or an entity) under existing law, and,
- b) Criminal facilitation of this offence by an 'associated person' of the Council

then the Council will automatically be charged with the corporate offence of failing to prevent its representatives from committing the criminal act of facilitation unless it can demonstrate that it had 'adequate' or 'reasonable procedures' in place to prevent that facilitation. If found guilty, the typical consequences for the Council could be an unlimited fine and reputational damage and the potential disbarment from public/governmental contracts.

The scope of 'associated persons' is widely drafted and includes Council officers, its employees, workers, agents, sub-contractors and other people/organisations that provide services for, or on behalf of Council.

3 WHAT DO I NEED TO DO AS AN EMPLOYEE/ASSOCIATE?

Staff and associates are reminded that they are required at all times to abide by the Council's policies, procedures and guidance.

Failure to comply with these policies, procedures and guidance, including in particular failure to comply with the obligations detailed in this policy, may result in disciplinary action for staff and the termination of arrangements with associates.

Should staff or associates be concerned that another employee or associate is facilitating a third party's tax evasion, they should report this to their (own) manager. The Council's Whistle-Blowing Policy can also be engaged.

4 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT FACILITATION OF TAX EVASION?

It is a defence to the corporate criminal offence of facilitating tax evasion if the Council can prove that it has in place such prevention procedures as it is reasonable to expect in the circumstances.

Government guidance suggests an appropriate set of prevention measures which gives due recognition to the following:

1. Risk assessment

The Council's systems of risk and control are designed to ensure regularity. The Council's Internal Audit Team conduct regular compliance checks paying specific attention to areas of high risk (as identified from the Council's Fraud Risk Register) and report any concerns to management and the Audit & Governance Committee.

The following are common Council tax evasion risks which management and employees have a duty to prevent. This list is by no means exhaustive:

- **Incorrect VAT treatment/reclaim**
 - Employee agrees to mis-describe services provided to a third-party in order to facilitate a VAT reclaim by them.
 - Employee authorises a VAT invoice from a supplier knowing that they are not VAT registered.
- **Income Tax\National Insurance Payments**
 - Off payroll working (IR35) - Council fails to identify workers and associates that should be paid via the payroll system rather than the creditors system. A supplier wishes to be treated as a self-employed contractor so that payments to them are paid gross and they can evade paying the appropriate income tax and national insurance liabilities. Council officer helps the supplier by falsifying information on the Employment Status Questionnaire.

- Failure to deduct the tax and NI at the correct rate. For example, a manager agrees to allow one of their staff to claim home to work travel through an expense claim. However, knowing that it is against Council policy and to help their employee from having to pay tax which is properly due, they allow their employee to describe the claim as travel away from the office.
- An employee is rewarded by way of a gift voucher over and above HMRC trivial gift limits (currently £50).
- **Incorrect Expense claims**
Employee authorises an expense claim with photocopied receipts knowing that the claimant will use the original receipts to support a tax reclaim.
- **Construction Industry Scheme**
Supplier submits an artificially low labour breakdown on their invoice to avoid tax being deducted on the labour element or no tax being deducted at all. A lack of understanding as to what work comes within the scope of the scheme or the implications of not applying the scheme.
- **Paying the wrong entity**
Employee accepts request to pay one entity knowing that the goods/services have been provided by another entity and that the purpose of the change is to evade tax.
- **Incorrect gift aid**
Employee allows a payment for goods/services to be described as a donation so that the donor can claim tax relief.
- **Payment in Kind**
Third parties not employed by the Council perform work in return for a payment in kind e.g. travel to a conference or use of facilities, knowing that no tax will be paid on the payment.
- **Direct Payments (for Care & Support Services)**
Failure to ensure deduction of Income Tax and National Insurance from payments made to personal assistants by recipients of Direct Care Payments.
- **Grants**
Failure to ensure that grant funding is used for its intended purpose. The Council gives a grant to an organisation for a specific project or service which may include the employment of staff. Staff are paid without the appropriate deduction of Income Tax and National Insurance.
- **Payment to overseas workers**
Using a third-party to pay in-country workers on the Council's behalf, where you know that there is a withholding obligation, and that the third-party will not comply with that obligation.

2. Proportionality of risk-based prevention procedures.

The Council has systems of controls in place to address specific risks. These controls include policy and guidance documents such as the Council's Whistle-Blowing Policy and Anti-Fraud & Corruption Policy.

3. Top level commitment.

This policy appendix has been endorsed by the Corporate Management Board and the Audit & Governance Committee as part of the Anti-Fraud and Corruption Policy.

4. Due diligence.

Reasonable care and caution is exercised when processing all transactions particularly high value/high risk area payments. Regular monitoring takes place and particular caution is exercised when making payment to new suppliers.

5. Communication (including training).

All staff, especially those involved in processing and approving financial transactions, will be made aware of this policy via their induction. Information is also available on the Council's intranet.

6. Monitoring and review

Regular monitoring and review of systems of controls and policies is carried out by Internal Audit and any findings/concerns reported to management and the Audit & Governance Committee.

ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT 2023 – FAILURE TO PREVENT FRAUD REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place as a result of the [Economic Crime and Corporate Transparency Act 2023](#), specifically the 'failure to prevent fraud' offence (sections 196-206).

The Economic Crime and Corporate Transparency Act 2023 represents a pivotal step in the UK government's efforts to enhance its legislative framework against economic crime. A notable feature of this Act is the introduction of the 'failure to prevent fraud' offence. This offence holds an organisation criminally liable if an employee, agent, subsidiary, or other "associated person" commits a specified fraud offence with the intent to benefit the organisation, and the organisation lacks adequate fraud prevention measures.

Additionally, this offence can apply if the fraud is committed to benefit a client of the organisation. Importantly, it is not necessary to prove that directors or senior managers were aware of or directed the fraudulent activity.

BCP Council's only defence against this offence is the existence of reasonable counter-fraud measures and procedures at the time the offence occurred. This policy appendix sets out those procedures in detail.

The offence will not extend to individual liability for persons within the organisations who may have failed to prevent the fraudulent behaviour. However, this does not preclude the employee or agent who committed the base fraud, or anyone who encouraged or assisted them, being prosecuted for the base fraud in addition to the corporate being prosecuted for failing to prevent it. Fraud and corruption committed by employees are treated as gross misconduct, which, if substantiated, will result in dismissal. The Council also considers the full range of sanctions, including criminal prosecution, and refers cases to the Police where appropriate.

2 LEGISLATION

The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on 26 October 2023. The 'failure to prevent fraud' offence came into effect on 1 September 2025.

Corporate Criminal Liability

Large organisations, including Bournemouth, Christchurch, and Poole Council, face the risk of criminal prosecution and unlimited fines if they fail to prevent fraud. This legislation requires organisations to proactively assess their fraud risk exposure and develop effective frameworks to prevent, detect, and respond to fraud.

Scope of the Offence

The offence applies to all large bodies, corporate entities, subsidiaries, and partnerships. This includes businesses, large not-for-profit organisations such as charities, and incorporated public bodies like Bournemouth, Christchurch, and Poole Council.

To ensure the burden on businesses is proportionate, only 'large organisations' are in scope, defined by the Companies Act 2006 as meeting two out of three criteria:

- More than 250 employees
- More than £36 million turnover
- More than £18 million in total assets

It should be noted that the Council as a parent organisation can be assigned liability for failing to prevent fraud if an employee of a subsidiary commits fraud for the parent organisation's benefit and the parent organisation did not take reasonable steps to prevent it.

What types of fraud are relevant to this offence?

The offence applies to the fraud and false accounting offences which the government considers are most likely to be relevant to large corporations. These are:

- Fraud by false representation (Section 2, Fraud Act 2006)
- Fraud by failing to disclose information (Section 3, Fraud Act 2006)
- Fraud by abuse of position (Section 4, Fraud Act 2006)
- Obtaining services dishonestly (Section 11, Fraud Act 2006)
- Participation in a fraudulent business (Section 9, Fraud Act 2006)
- False statements by company directors (Section 19, Theft Act 1968)
- False accounting (Section 17, Theft Act 1968)
- Fraudulent trading (Section 993, Companies Act 2006)
- Cheating the public revenue (common law)

The Council's only defence against this offence is to have reasonable counter-fraud defences and procedures in place at the time the offence was committed, and these are listed in this policy.

3 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT FRAUD?

BCP Council continues to focus on the following key areas to sustain an effective fraud risk management programme to prevent fraud:

- 1. Top level commitment:** Preventing and detecting fraud is the responsibility of senior management. This policy appendix has been endorsed by senior management and the Audit & Governance Committee as part of the Anti-Fraud and Corruption Policy. They continue to create a culture where fraud is not tolerated and staff feel empowered to speak up if they encounter fraudulent practices.
- 2. Risk assessment:** An annual Fraud and Corruption Risk Assessment is undertaken which considers the risk of fraud across all service areas and is incorporated into the annual audit plan. All managers are responsible for regularly reviewing the risks from fraud and corruption in their area of the Council.
- 3. Proportionate risk-based prevention procedures:** The Council's procedures for preventing fraud by associated persons are proportionate to the specific fraud risks it faces, and aligned with the nature, scale, and complexity of its operations.

A comprehensive Anti-Fraud and Corruption Policy is in place, outlining the Council's approach to tackling fraud and corruption. This policy details the process followed upon receiving a fraud allegation and explains how individuals covered by the policy will be dealt with.

4. **Due diligence:** The Council applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified fraud risks. This includes ensuring that all necessary efforts are made to ensure that business partners are known and that business relationships are transparent and ethical.
5. **Communication (including training):** The Council will continue to ensure that its prevention policies and procedures are communicated, embedded and understood throughout the organisation, through internal and external communication. This includes mandatory fraud training, annual refresh of counter fraud policies and associated communication to staff and fraud alerts to appropriate staff/managers.
6. **Monitoring and review:** The Council monitors and reviews its fraud detection and prevention procedures and makes improvements where necessary. This includes an annual review of all fraud related policies and subsequent approval by the Audit & Governance Committee. In addition, an annual report is presented to the Audit & Governance Committee on counter fraud work carried out by Internal Audit to provide assurance on the Council's response to combating fraud and corruption. This includes learning from investigations and whistleblowing incidents and considering fraud alert information from other public bodies.

4 EXAMPLES OF SITUATIONS THAT COULD BE CONSIDERED FRAUD THAT BENEFIT THE COUNCIL

- The Council deliberately misrepresents its performance metrics to unlawfully obtain increased government grant funding.
- The Council intentionally hides the true number of active software licences it uses from the provider in order to avoid paying the correct fees.
- A maintained school knowingly inflates the number of pupils eligible for pupil premium funding in order to fraudulently claim additional payments.
- The Council intentionally undervalues its assets in order to dishonestly obtain lower insurance premiums.
- Deliberately including false or exaggerated claims in grant applications to increase the likelihood of approval or higher funding amounts.

GUIDANCE NOTE FOR SCHOOLS

The 'Schools Financial Value Standards' issued by the Department for Education contains the following advice:

1	What are adequate arrangements against fraud and theft? Schools need a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets. Arrangements should both prevent malpractice and enable prompt detection should it nonetheless occur.
2	What are possible types of fraud and theft? The list below gives examples but cannot be exhaustive: • theft (e.g. retaining cash collected for school dinners, trips, etc. for personal use; taking away school assets for personal use); • false claims (e.g. for travel which did not take place, for un-worked overtime etc.); • unauthorised purchase of equipment for personal use; • improper use of petty cash for personal purposes; • failing to charge appropriately for goods or services (e.g. not charging for school rooms used for private functions) or providing improper gifts or hospitality; • processing false invoices for goods or services not received and pocketing the proceeds; • making false entries on the payroll, such as inventing a fictitious employee and arranging to be paid an additional salary; • payment of inappropriate bonuses; • misusing school financial systems to run a personal business; • improper recruitment (e.g. employing a family member or individual known personally to an employee without following appropriate recruitment procedures); • buying from a supplier or contractor known personally to an employee without following required procurement procedures or declaring a business interest; • separating purchases to avoid tendering thresholds; and • suppliers or contractors failing to deliver the agreed goods or services but still being paid in full
3	Noting any instance of fraud or theft detected in the last 12 months All schools should keep a written log of any instances of fraud or theft detected. This should include attempted fraud or theft, so long as this wouldn't prejudice any ongoing action such as legal action against the perpetrator(s). This log will help the school to identify patterns of misconduct and any weaknesses in their current arrangements which need to be addressed.
4	Why you need to have adequate arrangements in place to guard against fraud and theft Schools manage substantial sums of public money and consequently need to safeguard public funds. Local authorities would be likely to take strong action against maintained schools that appeared persistently vulnerable to fraud and theft.
5	How to ensure that your school has adequate arrangements in place to safeguard against fraud and theft The governing body will expect the head teacher and other senior staff to assure them that adequate arrangements are in place, rather than seeking to put operational arrangements in place themselves. The main features of such arrangements are likely to include: • financial management checks, reconciling accounts at the end of each month and keeping an audit trail of documents; • separation of duties – no one employee should be responsible for both validating and processing a transaction, for example certifying that goods have been received and making the payment for them; • strictly limited access to systems for authorising and making payments;

	• spot checks on systems and transactions – this will help identify new risks and measure the effectiveness of existing controls. It also indicates to staff that fraud prevention is a high priority; • investigation and logging of every incident of irregularity, including instances of attempted fraud; • careful pre-employment checks on staff who will have financial responsibilities; and • making employees' financial responsibilities clear through written job descriptions and desk instructions.
6	Make the information available to all staff The governing body and head teacher should inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them, and the consequences of breaching these controls. This information should be included in induction for new school staff and governors. Staff should be reminded of this information if an incident occurs.
7	What to do if adequate arrangements are not in place in your school Adequate arrangements will need to be put in place as soon as possible. If you are unsure how to do this and are a maintained school, you should contact your local authority urgently. You need to identify which arrangements are not adequate and agree an action plan to address them with a deadline for implementation. Once the new arrangements are in place, you should evaluate their effectiveness and regularly review the school's full arrangements to make sure they remain adequate.
8	What to do if fraud or theft is suspected or discovered (including any instances of attempted fraud or theft) Maintained schools should contact their local authority (LA) for help and support in instances where fraud or theft is suspected or discovered and should always report the matter to the LA's Internal Auditors.
9	Further information For maintained schools, your Local Authority should be able to provide further information and support on establishing adequate arrangements to safeguard against fraud and what should happen if fraud is suspected or discovered. In addition, these websites/contacts provide help and advice: 1. Department for Education (DfE) – www.education.gov.uk – this website contains a wide range of information and resources for schools. Here you can access information on the supporting legal framework for school revenue funding, audit and whistle-blowing policy. 2. Action Fraud – www.actionfraud.police.uk this website is the UK's national fraud reporting centre and provides information of what fraud is and the different types of fraud. 3. Institute of School Business Leadership (ISBL) – www.isbl.org.uk – provides information and training for all those involved in school business management including on fraud. 4. Internal Audit is able to provide advice to Maintained Schools on financial control systems. Telephone 01202 817888 or e-mail fraud@bcpcouncil.gov.uk

Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	Anti-Fraud & Corruption Policy
What changes are being made to the policy/service?	Annual policy refresh including update of relevant legislation as well as making explicit the requirement to carry out enhanced due diligence checks if the customer is from a high risk country.
Service Unit:	Finance
Persons present in the conversation and their role/experience in the service:	Chief Internal Auditor Service Equality Champion
Conversation dates:	10/02/2025
Do you know your current or potential client base? Who are the key stakeholders?	Key stakeholders are - any person who is currently employed, directly or indirectly by Bournemouth, Christchurch and Poole Council (BCP) including those whose relationship is with a wholly-owned entity, including trading companies and Arm's Length Management Organisations (ALMOs); - Elected or Co-Opted councillors; and - Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc. It should be noted that the enhanced due diligence checks primarily relate to large cash payments, which are very rare as we migrate to a more cash free operating model (~1 instance in the previous 5 years)
Do different groups have different needs or experiences in relation to the policy/service?	All protected characteristics have been considered, and no different needs or experiences have been identified as a result of these updates.
Will the policy or service change affect any of these service users?	No as these changes apply equally to all key stakeholders
What are the benefits or positive impacts of the policy/service change on current or potential service users?	None identified
What are the negative impacts of the policy/service	There is the potential for claims of discrimination on racial grounds to arise as customers from high risk

change on current or potential service users?	countries are required to have enhanced due diligence checks carried out.
Will the policy or service change affect employees?	Yes, as this policy applies to all BCP Council employees
Will the policy or service change affect the wider community?	No, as this policy only affects BCP Council employees
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	The requirement for enhanced due diligence checks is steered by Government policy, guidance and recommendations, along with best practice. All officers are required to undergo equalities training as part of their mandatory training, which includes training on unconscious bias. As such, this reduces the chance of any potential discrimination, both direct and indirect. A link to guidance on what checks are to be carried out has been included, and responsibility for highlighting any concerns that come out of these checks is well defined within the policy.
Summary of Equality Implications:	The fact that there is a central government mandated list of high risk countries could lead to potential claims of racial discrimination, however training is carried out to ensure that officers are aware of potential discrimination, both direct and indirect.

IN YEAR MINOR AMENDMENTS AND EDITING LOG

Minor Amendments and Editing Log

The Chief Finance Officer has primary responsibility for developing, maintaining, and implementing the Anti-Fraud & Corruption Policy. Where changes affect the powers or responsibilities of councillors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the Anti-Fraud & Corruption Policy from time to time, this may require minor amendments or editing. The Chief Finance Officer has delegated to the Head of Audit & Management Assurance the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page
13-03-25	Minor amendments to strengthen EIA after EIOA panel review	37