

Somerset County Council Anti-Fraud and Corruption Policy and Strategy

Introduction

Somerset County Council is determined to pursue a policy of **zero tolerance** in relation to fraud and corruption. The purpose of this document is to set out Somerset County Council's stance on fraud and corruption, provide guidance to staff and others on action to prevent or report on malpractice or the perception of malpractice and to emphasise the need to be aware and to continue the County Council's good record. Zero tolerance means zero tolerance. Zero tolerance includes not only acts of fraud and corruption that are perpetrated against the County Council itself, but wherever and whenever it has an interest or reputation to protect. The County Council will always seek to reduce any such risk of fraud. Zero tolerance includes frauds against the Council's partners, by Council staff against third parties, such as benefit and other personal fraud, and by contractors and those working with or on behalf of the Council.

The County Council controls millions of pounds of public money and takes very seriously its stewardship of this money. The County Council is proud of the excellent reputation it has established for integrity and honesty. Acts of dishonesty within the County Council are rare and the County Council has a very good track record on defending frauds perpetrated against it by individuals attempting to obtain assets to which they are not entitled.

The County Council is, however, determined to protect itself against fraud and corruption both from within and from external sources. The County Council already has in place a Constitution, which includes the Members' Codes of Conduct and Protocols setting out expected behaviours of both members and employees. It also includes Financial Regulations which provide clarity about accountabilities of individuals, Members, Senior Leadership Team etc. The HR content on the Council's Intranet site includes detailed Standards of Conduct expected of Officers. In addition, there are also a number of key documents which provide a governance framework in this area. The Anti-Fraud and Corruption Policy, therefore, brings together the key elements from these documents and provides a link to where further information may be found. As part of its aim to ensure Value For Money (VFM) and Efficiency, the County Council is committed to an effective Anti-Fraud and Corruption Strategy designed to:

- ensure prevention
- facilitate detection, and
- identify a clear pathway for investigation and remedial action.

1. What Constitutes Fraud and Corruption?

1.1 Fraud is defined in the Fraud Act 2006 which came into effect from 15 January 2007. There are three types of fraud:

- **False representation**
Where a person makes a representation that is intentionally and dishonestly made, knowing that it is, or might be, untrue or misleading with intent to make a gain for him/herself or another, to cause loss to another or to expose another to risk of loss.
- **Failing to disclose information**
Where a person fails to disclose information to another person when he/she is under a legal duty to disclose that information honestly, intending by that failure to make a gain or cause a loss.
- **Abuse of position**
Where a person occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person and abuses that position dishonestly intending by that abuse to make a gain/cause a loss (the abuse may consist of an omission rather than an act).

A person can be found guilty even if there is no victim of the crime; all that needs to be proven is the intent to make a gain or cause a loss by the accused.

- 1.2 Corruption covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

2. Application

- 2.1 This Anti-Fraud and Corruption Policy will apply to all employees and Members of the Council. Where others are to deliver services on behalf of the County Council, it is essential during the procurement or service transfer process that they are made aware of the standards that are expected of them in relation to anti-fraud and corruption measures, and the support that the County Council will expect in delivering our Policy.

3. Overall Approach and Strategy

- 3.1 Somerset County Council is committed to having a zero tolerance approach to fraud and corruption through the creation of an anti-fraud culture: This will involve:
 - Regular promotion of this policy to all officers and members
 - Commissioning of audits in areas judged high risk for fraud and corruption.
 - Maximum deterrence of fraud and corruption
 - Successful prevention of fraud and corruption
 - Encouraging the reporting of fraud and corruption
 - Prompt detection of fraud and corruption
 - Professional investigation of detected fraud and corruption
 - Effective sanctions, including appropriate legal action against anyone found guilty of committing fraud and corruption

- Effective methods for seeking recovery of money defrauded or imposition of other legal remedies
- Full reporting of all cases of fraud or corruption to the Audit Committee (subject to any legal constraints)
- Full publication of all concluded legal cases of fraud and corruption (subject to any legal constraints).

4. Procedure

4.1 County Council employees and members **must** report any concerns they may have regarding fraud and corruption, whether it relates to dishonest behaviour by Council employees, Members, Contractors or by others. That action will be free from recrimination. Such concerns will be treated in confidence and will be properly investigated. In the first instance a member of staff should contact a senior manager within the line management structure. However, if the member of staff considers the matter too serious or sensitive or inappropriate to raise within the line management structure then one of the following may be contacted – in person, by telephone or e-mail (marked confidential):

- Director of Resources (s151 officer)
- Strategic Business Partner
- Chief Internal Auditor or another auditor from the South West Audit Partnership
- Chief Executive
- Monitoring Officer
- Chair or Vice-Chair of Audit Committee.

4.2 All matters will be treated in confidence and an expressed wish not to reveal the identity of a complainant will be respected wherever possible. (Concerns expressed anonymously are much less powerful but will be considered by the County Council). Alternatively, any person with a concern may use the Council's Confidential "Whistleblowing" Policy or as an external contact point such as our external auditors, Grant Thornton.

4.3 Elected members should normally report any concerns to the appropriate Senior Leadership Team member, the Chief Executive, the Director of Finance, or the Monitoring Officer.

4.4 The Council's Disciplinary Code clearly identifies the following as Gross Misconduct:

- Theft or unauthorised possession from other employees, the Council or clients
- Fraud or attempt to defraud
- Falsification and irregular practice in respect of cash, records, returns or attendance recording systems.

A Senior Leadership Team member (or other senior nominated officer, where authorised) may dismiss an employee on the grounds of gross misconduct in accordance with personnel policies, procedures and Human Resources Handbook and subject to consultation with the Human Resources Director.

- 4.5 An accusation of dishonest behaviour by a Member of the Council should be referred to the Monitoring Officer for an assessment of whether this is likely to constitute a breach of the Members' Code of Conduct.
- 4.6 If a case involves action against a third party, any action to be taken will be agreed between a Senior Leadership Team member, the Director of Finance, and where necessary the Monitoring Officer.
- 4.7 Where investigation reveals evidence of suspected criminal activity with regard to fraud and corruption the relevant Senior Leadership Team member in consultation with the Director of Finance **must** refer the matter to the Police. Where an employee is involved, the employee's Senior Leadership Team member should consult with the Director of Finance and where appropriate, the Chief Executive, Monitoring Officer and Human Resources Director.
- 4.8 The Council will do all it can to recover monies or assets misappropriated by employees or others as a result of dishonest behaviour. (See Section 7 on "Recovery of Losses")

5. Prevention

- 5.1 There are many ways of preventing fraud and corruption happening. The Council has adopted the following preventative measures including:
 - Having a sound Governance Framework in place, compliance with which is monitored on an annual basis by senior management such as the Governance Board
 - Internal audit of key systems and controls
 - Ensuring that the risks of fraud and corruption are controlled via corporate and operational risk registers
 - The Council's Recruitment and Selection procedure requires that references should always be taken up when recruiting posts externally. This is intended, amongst other reasons, to prevent people with a history of dishonest behaviour being employed by the Council in positions of trust
 - The officers' Standards of Conduct makes it clear that the conduct of its employees should be of the highest possible standard and that dishonest behaviour by employees will not be tolerated by the Council
 - The members' Code of Conduct requires members to abide by the 7 Principles of Public Life in carrying out their duties together with requirements to register and disclose disclosable pecuniary interests and personal (and where appropriate prejudicial interests) as well as details of gifts and hospitality received.
 - The Council's Code of Practice on Whistleblowing gives protection to anyone with genuine concerns which they wish to report who feels that

they cannot follow normal channels such as via management or the council's complaints procedures

- Contracts Standing Orders and Financial Regulations prescribe the minimum standards for financial controls that must be in place within all processes throughout the Council
- The County Council subscribes to the National Fraud Initiative.
- Continual re-assessment of all our preventative measures against emerging nationally identified risks and annual review by officers and the Audit Committee.

5.2 It is the responsibility of each Senior Leadership Team member to ensure that employees are aware of the measures set out in 5.1 above and that their staff comply with them and that sound financial controls exist within their financial systems and procedures. The Senior Leadership Team must seek prior approval of the Director of Finance before any proposed changes to existing financial or related systems are made, in accordance with Financial Regulations.

5.3 The Senior Leadership Team should also ensure that guidelines, rules or other written procedures exist and are complied with for specific activities at risk from fraud and corruption.

5.4 Each individual employee and Member is responsible for observing these rules and codes. This will go a long way to preventing and detecting improper practice.

6. Detection

6.1 The array of preventative systems, particularly internal controls systems with the County Council, help to provide indicators of, and help to deter, any fraudulent activity. Where fraudulent activity is suspected, this will be investigated by Internal Audit. It is not Internal Audit's primary responsibility to detect fraud; the role of Internal Audit is to check the adequacy of the controls within systems. However, the assessment of the risk of fraud is routinely taken into account in planning all internal audits.

6.2 It is the responsibility of the Senior Leadership Team and their managers to prevent and detect fraud and corruption. However, it is often the alertness of staff, Members and the public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

6.3 Allegations can be a key factor in the detection of fraud and as such the Council treats all suspicions and concerns and complaints seriously and is committed to investigate all such matters.

6.4 The Council's Code of Practice on "Whistle blowing" allows employees and Members to raise any concerns they may have in confidence and anonymously should they so wish.

- 6.5 Investigation into fraudulent activity will be carried out by the Chief Internal Auditor through SWAP, who will liaise as appropriate with the Chief Executive, Director of Finance, Monitoring Officer, County Solicitor, Director of Human Resources, Senior Leadership Team, relevant members and the Police.
- 6.6 The County Council is also committed to taking part in the Audit Commission's National Fraud Initiative (NFI) which brings together data from NHS bodies, local authorities, government departments and other agencies to detect a wide range of frauds against the public sector. This data matching exercise which is run every two years helps, for example, to reduce levels of pension payments being made inappropriately by comparing the County Council's pension information against that held by the Department of Works and Pensions. Potential frauds uncovered through NFI must also be investigated in accordance with this Policy.

7. Recovery of Losses

- 7.1 The Council will always seek to recover the losses incurred as a result of fraud and corruption.
- 7.2 The Council's Insurance Service Manager should be informed as soon as possible of any potential insurable loss. Details of the case should also be given together with an indication of what recovery action is being attempted.
- 7.3 If anyone under investigation offers money in settlement of any losses to the Council, it should be made clear that any monies offered will be accepted:
- without prejudice to any other action the Council may wish to take
 - that acceptance is only in respect of losses identified to date
 - and that the Council reserves the right to seek recovery of any further losses that may come to light in the future.
- 7.4 Claims under the Council's insurance arrangements in fraud and corruption cases should be regarded as a "last resort" and will only be instigated once all other avenues of recovery have been fully explored.
- 7.5 Consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to recover the Council's losses.

8. Training

- 8.1 The County Council recognises that the continuing success of its Anti-Fraud and Corruption Policy, and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of people throughout the organisation.
- 8.2 To facilitate the raising of awareness of this Policy, the County Council supports the concept of induction and re-induction training for all Members and, particularly, for employees involved in internal control systems to ensure

that their responsibilities and duties in this respect are highlighted and reinforced.

9. Conclusion

- 9.1 The County Council will maintain a continuous overview of these arrangements and, through the Director of Finance, will in particular ensure a regular review of Contract Standing Orders, Financial Regulations, Financial Management and Internal Audit arrangements.
- 9.2 This Policy Statement will also be subject to regular review at least every other year.

If you want to read more about how we prevent fraud and corruption please read the following documents;

- The Constitution (including Financial Regulations and Contract Standing Orders)
- Financial Procedures
- Members' Code of Conduct
- Standards of conduct for officers
- Complaints procedures
- Whistle-blowing procedure
- Anti money laundering Policy
- Anti Bribery Policy
- Risk Strategy
- Audit Committee reports

Somerset County Council Anti-Bribery Policy (Appendix B to Anti-Fraud and Corruption Policy)

Introduction

Somerset County Council has a **zero tolerance** for any acts of bribery, improper inducement or similarly corruption, and will take all necessary steps (including through the courts) to protect the public purse from these activities.

Somerset County Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we or will we, accept bribes or improper inducements. To use a third-party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

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

This policy provides the framework to enable the organisation’s employees and members to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable members and employees to identify and effectively report a potential breach.

SCC requires that all members and staff, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the Council’s resources for which they are responsible and to safeguard the council’s good reputation
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which SCC operates, in respect of the lawful and responsible conduct of activities.

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with an expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return

- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy

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

What Constitutes Bribery?

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

The Bribery Act 2010 <http://www.legislation.gov.uk/ukpga/2010/23/contents> makes it an offence to offer, promise or give a bribe (section 1). It also makes it an offence to request, agree to receive, or accept a bribe (section 2).

By its nature as a local authority, Somerset County Council will not face a corporate offence under Section 7, of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. However, it is not impossible that organisations that seek to induce a bribe from the County Council, or offer one to County Council may be subject to this Section of the Act. (An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation).

An individual guilty of an offence under sections 1 or 2 is liable:

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

Public contracts and failure to prevent bribery

Under the Public Contracts Regulations (which gives effect to EU law in the UK), SCC is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence.

Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. SCC has the discretion to exclude organisations convicted of this offence.

Facilitation payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions. This, for example, includes customs officers.

Application

This Anti-Bribery Policy will apply to all employees and Members of the Council.

This policy applies to all of SCC's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy. Where others are to deliver services on behalf of the County Council, it is essential during the procurement or service transfer process that they are made aware of the standards that are expected of them in relation to anti-bribery measures, and the support that the County Council will expect in delivering our Policy.

Within SCC, the responsibility to control the risk of bribery occurring resides with all members and officers. It does not rest solely within assurance functions, but in all service areas, business units and corporate functions.

Overall Approach

Somerset County Council is committed to having a zero tolerance approach to bribery through the creation of an anti-bribery culture: This will involve:

- setting out a clear anti-bribery policy and reviewing at least annually (through the officer Governance Board and Audit Committee)
- making all employees aware of their responsibilities to adhere to this policy at all times
- providing training and guidance to key employees so that they can recognise and avoid the risk of bribery by themselves and others
- encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated as such
- rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- taking firm and vigorous action against any individual(s), (employees, Members, contractors, agents) involved in bribery
- provide information to all employees to report breaches and suspected breaches of this policy
- including appropriate clauses in contract documents to prevent bribery
- fostering a culture within the organisation, (from SLT and Members downwards) in which bribery is never acceptable

Reporting

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its direction. All staff and members are required to avoid activity that breaches this policy.

County Council employees and members should report any concerns they may have regarding fraud and corruption, whether it relates to dishonest behaviour by Council employees, Members, Contractors or by others. That action will be free from recrimination. Such concerns will be treated in confidence and will be properly

investigated. In the first instance a member of staff should contact a senior manager within the line management structure. However, if the member of staff considers the matter too serious or sensitive or inappropriate to raise within the line management structure then one of the following may be contacted – in person, by telephone or e-mail (marked confidential):

- Director of Finance (s151 officer)
- Strategic Business Partner
- Chief Internal Auditor or another auditor from the South West Audit Partnership
- Chief Executive
- Monitoring Officer
- Chair or Vice-Chair of Audit Committee.

All matters will be treated in confidence and an expressed wish not to reveal the identity of a complainant will be respected wherever possible. (Concerns expressed anonymously are much less powerful but will be considered by the County Council). Alternatively, any person with a concern may use the Council's Confidential "Whistleblowing" Policy, or as an external contact point our external auditors, currently Grant Thornton.

Staff/members who refuse to accept or offer a bribe, or those who raise concerns or report wrong-doing can understandably be worried about the repercussions. SCC aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

SCC is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

Risk Assessment

SCC's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of its activities. They are intended to be clear, practical, accessible, effectively implemented and enforced.

SCC will assess the nature and extent of its exposure to potential external and internal risks of bribery on its business by persons associated with it. "Key areas" for regular re-assessment are to include procurement and payment, recruitment, insurance claims, officer and member decision-making. Such reviews will be at least annually, and whenever a change in process is made for any of these areas.

If the review of anti-bribery controls reveals a potentially increased risk, this will be taken to the Strategic Risk Management Group for consideration and monitoring. The risk will be added to JCAD, together with appropriate mitigations, and will be owned by the Director of Finance unless a more suitable officer is nominated.

Communication

SCC seeks to ensure that its bribery prevention policies and procedures are understood throughout the organisation through internal and external communication, including training that is proportionate to the key officers and key risks it faces.

All staff will be alerted to the anti-bribery policies by means of Core Brief and the inclusion of the policy on key intranet governance sites. All staff engaged in what are deemed “key areas” for anti-bribery will also receive additional guidance.

Gifts and hospitality

This policy is not intended to change any of the requirements of our gifts and hospitality policy. <http://extranet.somerset.gov.uk/hr/employment-information/gifts-and-hospitality/>

The Council has decided that all offers of gifts/hospitality worth £25 or more, whether accepted or not, **must** be declared and recorded in order to ensure openness and transparency.

If you have any questions about these procedures, please contact the Director of Finance in the first instance

Other relevant policies can be found on the County Council's website.

These include:

- Fraud and Corruption Policy
- Anti Money Laundering Policy
- Whistleblowing Policy
- Gifts and Hospitality Policy

Somerset County Council Anti-Money Laundering Policy (Annex 2 to Anti-Fraud and Corruption Policy)

Introduction

Somerset County Council has a **zero tolerance** for any acts of money laundering and will take all necessary steps (including through the courts) to protect the public purse from these activities. CIPFA defines money laundering as “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.”

Somerset County Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

It is acknowledged that the risks to the County Council in relation to Money Laundering are considered very low; however, the potential losses and reputational damage could be significant.

This policy provides the framework to enable the organisation’s employees and members to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable members and employees to identify and effectively report a potential breach.

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

What Constitutes Money Laundering?

Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following constitute the act of money laundering:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the 2002 Act); or
- 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 (section 328); or
- Acquiring, using or possessing criminal property (section 329);
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000).

These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the primary offences and tipping off. Tipping off is where someone informs a person or people who are, or 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.

Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.

Money laundering can take place in an almost infinite number of ways. It does however require three distinct phases to be in place for money to be laundered:

1. Placement - the stage at which criminally derived funds are introduced in the financial system.
2. Layering - the substantive stage of the process in which the property is 'washed' and its ownership and source is disguised.
3. Integration - the final stage at which the 'laundered' property is re-introduced into the legitimate economy

Application

This Anti-Money Laundering Policy will apply to all employees and Members of the Council.

This policy applies to all of SCC's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy. Where others are to deliver services on behalf of the County Council, it is essential during the procurement or service transfer process that they are made aware of the standards that are expected of them in relation to money laundering measures, and the support that the County Council will expect in delivering our Policy.

Within SCC, the immediate responsibility to control the risk of money laundering occurring resides with all officers who handle external payments and in particular payments in cash. It does not rest solely within assurance functions, but in all service areas, business units and corporate functions.

Overall Approach

Somerset County Council is committed to having a zero tolerance approach to money laundering through the creation of an anti-money laundering and corruption culture: This will involve:

- setting out a clear anti-money laundering policy and reviewing at least annually (through officers and Audit Committee)
- making all employees who are involved in the collection of income aware of their responsibilities to adhere to this policy at all times, including a Cash Handling Policy
- through the Income Code of Practice limiting the amount of cash that the County Council will take from a single debtor or single occasion to £5,000

- encouraging its employees to be vigilant and to report any suspicions of money laundering, providing them with suitable channels of communication and ensuring sensitive information is treated as such
- rigorously investigating instances of alleged money laundering and assisting police and other appropriate authorities in any resultant prosecution through the Money Laundering Reporting Officer.
- taking firm and vigorous action against any individual(s), (employees, Members, contractors, agents) involved in money laundering
- provide information to all employees to report breaches and suspected breaches of this policy
- including appropriate clauses in contract documents to prevent money laundering
- fostering a culture within the organisation, (from SLT and Members downwards) in which money laundering is never acceptable

Reporting

The prevention, detection and reporting of money laundering and other forms of corruption are the responsibility of all those working for the organisation or under its direction. All staff and members are required to avoid activity that breaches this policy.

County Council employees and members should report any concerns they may have regarding money laundering and corruption, whether it relates to dishonest behaviour by Council employees, Members, Contractors or by others. That action will be free from recrimination. Such concerns will be treated in confidence and will be properly investigated. In the first instance a member of staff should contact a senior manager within the line management structure. However, if the member of staff considers the matter too serious or sensitive or inappropriate to raise within the line management structure then one of the following may be contacted – in person, by telephone or e-mail (marked confidential):

- Director of Finance
- Chief Internal Auditor
- Audit Manager
- Chief Executive
- Monitoring Officer
- Chair of Audit Committee.

All matters will be treated in confidence and an expressed wish not to reveal the identity of a complainant will be respected wherever possible. (Concerns expressed anonymously are much less powerful but will be considered by the County Council). Alternatively, any person with a concern may use the Council's Confidential "Whistleblowing" Policy, or as an external contact point our external auditors, currently Grant Thornton.

The **Money Laundering Reporting Officer (MLRO)** is the Funds & Investments Manager. In his absence, this role will be performed by the Strategic Business

Partner. It will be for the MLRO to investigate any allegations and to liaise with the Police

Staff/members who refuse to accommodate attempts at money-laundering, or those who raise concerns or report wrong-doing can understandably be worried about the repercussions. SCC aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

SCC is committed to ensuring nobody suffers detrimental treatment through refusing to take part in money laundering, or because of reporting a concern in good faith.

Risk Assessment

SCC's procedures to prevent money laundering by persons associated with it are proportionate to the risks it faces and to the nature, scale and complexity of its activities. They are intended to be clear, practical, accessible, effectively implemented and enforced. It is accepted that the overall risk of SCC being targeted and also being a victim of money laundering are **very low** because of the controls in place in our financial systems and policies.

SCC will assess the nature and extent of its exposure to potential external and internal risks of money laundering on its business by persons associated with it on all annual basis.

If the review of anti-money laundering controls reveals a potentially increased risk, this will be taken to the Strategic Risk Management Group for consideration and monitoring. The risk will be added to JCAD, together with appropriate mitigations, and will be owned by the Director of Finance unless a more suitable officer is nominated.

Communication

SCC seeks to ensure that its anti-money laundering policies and procedures are understood throughout the organisation through internal and external communication, including training that is proportionate to the key officers and key risks it faces.

All staff will be alerted to the anti-money laundering policies by means of Core Brief and the inclusion of the policy on key intranet governance sites. All staff engaged in what are deemed "key areas" for anti-money laundering will also receive additional guidance.

If you have any questions about these procedures, please contact the Director of Finance in the first instance

Other relevant policies can be found on the County Council's website.

These include:

Fraud and Corruption Policy
Anti Bribery Policy
Whistleblowing Policy
Gifts and Hospitality Policy

APPENDIX C

This Appendix sets out the fraud and corruption allegations that have been investigated during 2019. It has been the requirement of the Audit Committee for some years now, to have sight of local investigations undertaken, and where possible to do so in a formal meeting. It will not be possible to give complete detail on individual cases as set out below in a public meeting, but the case notes are intended to give members an understanding of the frauds that are attempted against the County Council in their role as “those charged with governance”.

As set out in the main Anti-Fraud and Corruption report, consideration of these cases and potential control weaknesses that they suggest will be considered in the Internal Audit Plan that will come to the Audit Committee in March 2020.

The previous report brought to the January 2019 Audit Committee listed 7 cases that were investigated in 2018 which was a decrease on the previous year’s 10 cases. All of these previously reported cases have now been closed. There has been just one new case investigated in 2019 and this has also now been closed.

It is important to realise that only a proportion of allegations will result in a formal report to Action Fraud, which is the reporting route into the Police for any suspected frauds. To commit fraud requires intent, and the level of evidence that will be needed to make a report to Action Fraud is necessarily higher for a possible criminal conviction than for (say) a civil claim that will be settled on the balance of possibilities. However, this does not preclude HR actions from within the County Council, such as a disciplinary hearing and potential dismissal for gross misconduct.

Investigation of a fraud or corruption claim can require a significant resource, but our zero tolerance policy clearly means that we will investigate every case. The continued assistance and expertise from senior auditors within SWAP in investigating allegations remains essential and is recognised by the County Council. It is also acknowledged that SWAP has been very flexible with the Internal Audit Plan and its own staff resources in order to provide an auditor to investigate each case. In all cases, where an allegation is made by (say) a member of the public, they are informed (without any of the detail) of the outcome of the investigation.

Case 1 Procurement Fraud (from previous report, closed)

Officers were concerned about payment claims from a service supplier that did not appear to match activity levels that we could independently verify. As a result, specialist SWAP officers were commissioned to investigate the potential discrepancies between amounts claimed and due.

This work by SWAP revealed enough serious evidence of a potential fraud for a report to be made to Action Fraud, and for specialist police officers to be assigned to the case. There was a police investigation and Detective Constables visited the County Council on several occasions and took witness statements from officers. In March 2019 we received confirmation that there would be no criminal proceedings in this case. Although this was disappointing, SCC and SWAP did everything possible to support the Police in their investigations in what was a very complex case.

Case 2 Tax evasion allegation with regard to Direct Payments (closed)

This case came from SCC officers who were concerned as to the nature and usage of payments being made to a care provider, who was a relative of the individual entitled to care. The individual concerned is certainly entitled to care, but it appeared that the payment arrangements put in place by the relative could have been seen as an attempt to evade tax on the Direct Payments, to be paid at a higher rate to which they not entitled, and to spend the money on items that were not appropriate.

Further investigation identified that the Direct Payment Agreement had been signed as required by the individual which transfers responsibility for income tax and national insurance contributions from SCC to the individual. Therefore, there was no case for the Council to pursue in this respect.

Having been alerted to the issue, the service moved with commendable speed to meet with the family and to ensure that better controls were in place, and a better understanding of due process and management of the money established.

Case 3 Procurement allegation (closed)

This case came from a combination of SC officers' concern and the family of a resident in care. The allegation was that the service provider had failed to supply all commissioned elements of a care package for a service user, as funded and agreed by the Council. This was particularly around 2:1 support for the individual, and additional support in school holidays and overnight. The resident had complex needs and supporting records were reviewed starting in 2015, however this detailed work did not provide sufficient evidence to substantiate the allegations made. The case was therefore closed.

New 2019/20 - Case 4 Procurement allegation (closed)

This was an allegation of inappropriate use of expenditure from the NHS fraud team concerning a child funded by SCC, then recharged to the CCG. A detailed analysis of records was performed by officers to reconcile and agree payments made. The allegation could not be substantiated, the NHS fraud team has been informed and the case closed.