

# **Report of the Director of Finance & IT to the meeting of Governance and Audit Committee to be held on 23<sup>rd</sup> March 2023**

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## **Subject:**

**Counter Fraud Framework**

## **Summary statement:**

**The purpose of this report is to present a proposal to introduce a new Counter Fraud Framework from April 2023 and beyond**

## **EQUALITY & DIVERSITY:**

This report concludes there are no equality and diversity implications which negates the need for an Equality Impact Assessment.

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## 1. SUMMARY

The purpose of this report is to propose the introduction of a new Counter Fraud framework for 2023 and beyond and to present any new and/or refreshed policies which are to be included in the framework.

## 2. BACKGROUND

The Council has maintained a “zero tolerance” approach to countering fraud and corruption, since November 1998, when the Council’s first anti-fraud policy, strategy and sanctions policy were introduced and a dedicated investigation team was created.

Since then the Council has continuously demonstrated that it has robustly tackled fraud and corruption, however, in more recent times the fraud landscape has begun to change and the Council therefore needs to review its counter fraud approach and make any necessary changes to meet this challenging and rapidly changing environment.

Key to ensuring this step change is that all anti-fraud and corruption policies, strategies and plans are reviewed to ensure that they represent a comprehensive and effective Council response to countering fraud and corruption.

Recently a number of Council’s have chosen to implement a best practice Counter Fraud framework approach to countering fraud and corruption. The benefits of this are that no single policy, strategy or plan is viewed in isolation and any required actions can consider the whole framework and reviewing of the framework is carried out consistently across all interrelated policies, strategies and plans.

## 3. OTHER CONSIDERATIONS

It is proposed that the Council introduce a Counter Fraud framework which would involve 6 interrelated Council policies, strategies and plans, setting out the Council’s collective intentions in respect of fraud and corruption, being brought together under a single framework.

In order to comply with this approach, the following policies, strategies and plans have recently been subject to a refresh as follows; -

- **Counter Fraud Policy** (*Appendix 1*)

This policy sets out the Council’s high level commitment to combatting fraud and corruption and the recent refresh introduces the definitions of fraud, corruption and theft.

- **Counter Fraud Strategy** (*Appendix 2*)

This sets out the Council’s approach to combatting fraud and corruption and the recent refresh introduces the key priorities for the next two financial years using a strategic approach as recommended for Local Government in its Strategy “Fighting Fraud Locally – a strategy for the 2020’s” where 5 main activity pillars – govern; acknowledge; prevent; pursue and protect are supported by 6 themes (“the 6 C’s”) i.e. culture; capability; capacity; competence; communication and collaboration. It is

intended that progress against the key priorities, outlined in this strategy, will be included in the Annual Corporate Investigations performance report which is presented at CMT and Governance & Audit Committee.

- **Counter Fraud Sanctions Policy** (*Appendix 3*)

This policy sets out how the Council will apply sanctions and/or pursue criminal action, through the Courts, against those who commit offences of fraud and/or corruption. The policy commits to ensuring that sanctions will be applied in a fair and consistent manner and that the sanction decision making process is stringent, robust and transparent. The recent refresh has introduced minimal changes to format only.

The remaining 2 policies, and 1 plan, whilst new for 2023, do reflect the actions the Council is currently taking, however having dedicated written documents only further supports and demonstrates the Council's robust response to allegations of fraud and corruption.

- **Counter Fraud Response Plan** (*Appendix 4*)

This plan is new for 2023 and details; -

- the most common types of fraud, corruption and theft likely to be committed against the Council
- the responsibilities of all stakeholders e.g. CMT, GAC, Managers, Employees etc.
- how and when a council employee, elected member and/or the general public should report any concerns of fraud, corruption or theft being committed against the Council, including contact details and tips of what to do and not to do when fraud or corruption is suspected.
- the investigation process

- **Anti-Bribery Policy** (*Appendix 5*)

This policy sets out the Council's stance in relation to the criminal offence of bribery, either directly between two parties or using a third party as a conduit to channel bribes to others.

The policy confirms that the Council **does not**, and **will not**, pay bribes or offer an improper inducement to anyone for any purpose, nor does it or will it, accept bribes or improper inducements or engage indirectly in or otherwise encourage bribery.

- **Anti-Money Laundering Policy** (*Appendix 6*)

This policy sets out the procedures which must be followed where money laundering is suspected within the Council. Money laundering is defined as the illegal process of making large amounts of money, generated by criminal activity, appear to have come from a legitimate source.

The policy enables Council employees and elected members to respond to a concern about money laundering which may arise within the course of their Council duties and gives details about the Council's Money Laundering Reporting Officer (MLRO), to whom all suspicions of money laundering should be directed.

If approval for the counter fraud framework is given then this will be communicated, as a single document on the Council's internal and external websites.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

None

#### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

The review, refresh and creation of the policies, strategies and plans making up the Counter Fraud Framework are intended to strengthen the Council's response and minimise risk.

#### **6. LEGAL APPRAISAL**

All refreshed and new policies, strategies and plans have been circulated to Legal Services for review.

#### **7. OTHER IMPLICATIONS**

##### **7.1 SUSTAINABILITY IMPLICATIONS**

None.

##### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

None.

##### **7.3 COMMUNITY SAFETY IMPLICATIONS**

The reduction of all crime, including fraud, corruption and /or theft, contributes to improving community safety.

##### **7.4 HUMAN RIGHTS ACT**

The Council's current counter fraud approach complies with the Human Rights Act.

##### **7.5 TRADE UNION**

None.

##### **7.6 WARD IMPLICATIONS**

None.

##### **7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS**

(for reports to Area Committees only)

N/A

**7.8 IMPLICATIONS FOR CORPORATE PARENTING**

N/A

**7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

None

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

N/A.

**10. RECOMMENDATIONS**

That Committee approves the proposed new Counter Fraud framework and accompanying policies, strategies and plans to enhance the Council's response to fraud and corruption.

**11. APPENDICES**

- Appendix 1 – Counter Fraud Policy
- Appendix 2 – Counter Fraud Strategy
- Appendix 3 – Counter Fraud Sanctions Policy
- Appendix 4 – Counter Fraud Response Plan
- Appendix 5 – Anti-Bribery Policy
- Appendix 6 – Anti-Money Laundering Policy

**12. BACKGROUND DOCUMENTS**

None

# **Counter Fraud Policy**

**City of Bradford Metropolitan  
District Council**

The City of Bradford Metropolitan District Council (“The Council”) is wholly opposed to all forms of fraud and corruption, both from within the Council and/or from external sources, as this is bad for the economy and can adversely impact on the provision of public services for the people and communities of Bradford District.

The Council will not tolerate dishonesty on the part of any of the members or officers of the Council or any persons or organisations involved in any way with the Council and expects members and officers of the Council to demonstrate compliance with the Seven Principles of Public Life (*the Nolan principles*), appropriate legislation, Council Member and Employee Codes of Conduct, Standing Orders, Financial Regulations, conditions of service, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular service or activity.

The Council is committed to; -

- Ensuring that the people and communities of Bradford District have complete confidence that the affairs of the Council are conducted in accordance with the highest standards of probity, honesty, integrity and accountability.
- Maintaining an anti-fraud culture which reinforces the Council’s zero tolerance to fraud and corruption.
- Combating fraud and corruption, in relation to any of the Council’s activities or services and involving any members or officers of the Council, members of the public or other third parties.
- Maintaining arrangements which enable employees, or the people and communities of Bradford District to report suspicions of fraud and corruption without fear, repercussions or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously.
- Taking timely and appropriate action against the perpetrators ensuring consistency, fairness and objectivity and compliance with appropriate legislation and Council policy.
- Working constructively with any enforcement agency either within the Council or within the wider community.
- Widely publicising the Council’s stance on anti-fraud and corruption
- Ensuring that all employees and members of the Council are made aware of this policy and receive mandatory awareness training on at least a bi-annual basis.

### **Fraud**

A deception which is deliberate and intended to provide a direct or indirect personal gain. The term “fraud” can include criminal deception, forgery, blackmail, corruption, theft, conspiracy or the covering up of material facts and collusion. By using deception, a fraudster can obtain an advantage, avoid an obligation or cause loss to another party.

### **Corruption**

The deliberate misuse of an official position for direct or indirect personal gain. “Corruption” includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else.

### **Theft**

Where someone steals cash or other property. A person is guilty of “theft” if they dishonestly take property belonging to someone else and has no intention of returning it.

# **Counter Fraud Strategy 2023 to 2025**

**City of Bradford Metropolitan  
District Council**



## 1.0 Introduction

The City of Bradford Metropolitan District Council (“the Council”) recognises the potentially significant risk that fraud and corruption pose to the achievement of the Council’s aims and objectives and the adverse impact it can have on the provision of public services for the people and communities of Bradford District.

The Council’s Counter Fraud Policy commits to; -

- *Ensuring the people and communities of Bradford District have complete confidence that the Council’s affairs are conducted in accordance with the highest standards of probity, honesty, integrity and accountability.*
- *A zero tolerance to fraud and corruption.*
- *Combating fraud and corruption wherever it may arise in relation to any of the Council’s activities or services*

This Counter Fraud Strategy sets out the Council’s approach to combatting fraud and corruption over the next two financial years.

## 2.0 The Strategic Approach

The Council is committed to minimising fraud and corruption through a strategic approach consistent with that outlined in the Local Government Fraud Strategy ‘Fighting Fraud Locally – a strategy for the 2020’s’, the principles of which are summarised below as the 5 key pillars of activity and 6 themes; -

### The Pillars

<u><b>Govern</b></u>	<u><b>Acknowledge</b></u>	<u><b>Prevent</b></u>	<u><b>Pursue</b></u>
<p><b><i>The Council will; -</i></b></p> <p><i>Develop robust arrangements and Council wide support to ensure anti-fraud, bribery and corruption measures are embedded throughout the Council.</i></p>	<p><b><i>The Council will; -</i></b></p> <p><i>Access and understand the fraud risks and ensure that they are communicated to the Corporate Management Team and appropriate Member Committee.</i></p> <p><i>Commit the appropriate support and resources to tackling fraud and corruption demonstrating a robust anti-fraud response.</i></p>	<p><b><i>The Council will; -</i></b></p> <p><i>Make the best use of information and technology; enhance fraud controls and processes and maintain an effective anti-fraud culture.</i></p> <p><i>Communicate performance and activity successes.</i></p>	<p><b><i>The Council will; -</i></b></p> <p><i>Prioritise fraud recovery and use of civil sanctions.</i></p> <p><i>Develop capability and capacity to punish offenders.</i></p> <p><i>Collaborate across geographical and sectoral boundaries.</i></p> <p><i>Learn lessons and close the gaps.</i></p>
<b><u>Protect</u></b>	<p>The Council will; -</p> <p><i>Recognise the harm that fraud can cause to the people and communities of the Bradford District and protect them from fraud.</i></p>		

## The Themes

### **Culture**

*The Council will create a culture where fraud and corruption are unacceptable*

### **Capability**

*The Council will assess the full range of fraud risks ensuring that the range of counter fraud measures deployed is appropriate.*

### **Capacity**

*The Council will deploy the appropriate resources to deal with the level of risk identified.*

### **Competence**

*The Council will ensure that resources employed on tackling the full range of counter fraud and corruption activity have the appropriate skills and competence.*

### **Communication**

*The Council will raise awareness internally and externally, deterring fraudsters; sharing information and celebrating successes*

### **Collaboration**

*The Council will work together across internal and external boundaries e.g. with colleagues, other Local Authorities and other Agencies sharing resources, skills, learning, best practice,*

## **Key Priorities for the financial years 2023-2025**

### **Govern**

- Introduce regular fraud awareness briefings for Departmental Management Teams (DMT).
- Refresh the existing mandatory fraud awareness learning for all Council staff and Elected Members.
- Implement a Counter Fraud Framework where all fraud policies and procedures are refreshed and renewed.
- Consider any new arrangements required for the Bradford Children & Families Trust

### **Acknowledge**

- Develop a detailed fraud risk assessment in conjunction with DMT's
- Review available Counter Fraud resources to ensure they are being utilised to maximum effect

### **Prevent**

- Improve publicity – refreshing information on internal and external websites, ensuring regular communication of fraud risks and improved use of social media
- Develop /enhance relationship's with Enforcement Partners and Local Authority neighbours
- Improve and formalise internal control work with Internal Audit
- Consider innovative projects around Data Sharing e.g., NFI Fraud Hub (Hertfordshire)
- Review the benefits of fraud forums and benchmarking groups

### **Pursue**

- Develop a targeted proactive programme of activity based on risk as identified
- Consider how best to prioritise fraud recovery
- Develop a programme of closer working e.g. with DWP, Police etc.

### **Protect**

- Develop a fraud response plan which provides guidance to employees, managers and the public, defining responsibilities for action in the event of suspected fraud.

**Review Date - January 2025**

# **Counter Fraud Sanctions Policy**

**City of Bradford Metropolitan  
District Council**

## 1.0 Introduction

The Council's Counter Fraud Policy commits to; -

- *Ensuring the people and communities of Bradford District have complete confidence that the Council's affairs are conducted in accordance with the highest standards of probity, honesty, integrity and accountability.*
- *A zero tolerance to fraud and corruption.*
- *Combating fraud and corruption wherever it may arise in relation to any of the Council's activities or services*
- *Where fraud or corruption is detected rigorously pursuing appropriate action against the perpetrators ensuring consistency, fairness and objectivity and compliance with appropriate legislation and Council policy.*

The Council's Counter Fraud Strategy for the financial years 2023 to 2025, commits to *demonstrating a robust anti fraud response and developing capability and capacity to punish offenders.*

This Counter Fraud Sanction policy, therefore, sets out how the Council will apply sanctions and/or pursue criminal action, through the Courts, against those who commit offences of fraud, corruption, theft or other financial irregularity against the Council.

The objectives of this policy are to ensure that sanctions are applied in a fair and consistent manner and that the sanction decision making process is stringent, robust and transparent.

The principles of the policy will apply equally to any fraud corruption, theft or other financial irregularity against the Council or against funds for which the Council has responsibility.

## 2.0 General Policy Principles

Where fraud, corruption, theft or other financial irregularity is suspected then the Council will take immediate action to thoroughly investigate and if proven will apply the appropriate sanction, which may include a prosecution through the Criminal Courts.

Any case that is subject to investigation is considered on its own merits, having regard to all the facts, before an appropriate sanction is administered.

All investigations into fraud, corruption, theft or other financial irregularity will be undertaken by the Council's Corporate Investigations Unit (CIU), within the Department of Corporate Resources and will be in accordance with relevant legislation, Council Policy and advice and guidance from the Council's Legal Services and, where appropriate, Human Resources.

All Corporate Investigators will be fully trained in undertaking criminal investigations into allegations of fraud, corruption, theft or other financial irregularity and will possess an appropriate Counter Fraud qualification. They will conduct investigations in a professional manner, ensuring that policy and legislation and approved working methods are correctly applied. They will consider each investigation on its own merits and will not let political or personal views about ethnic or national origin, sex, religious beliefs, or the sexual orientation of the suspect, victim or witness influence their actions and will not be affected by improper or undue pressure from any source.

The Council will work with the Police and any other Government enforcement bodies as is appropriate

### **3.0 Financial Investigation**

Financial Investigation is an important tool in the fight against crime and it can provide valuable new avenues for investigations by forensically analysing the finances that relate to criminal activity.

The Proceeds of Crime Act (POCA) 2002 is the primary legislation used in financial investigation and was created with the aim of removing assets from criminals, recovering the proceeds of crime and deterring and disrupting criminality. It confers a range of investigative powers as well as powers to restrain and confiscate criminal assets, via criminal confiscation, civil recovery, cash forfeiture and criminal taxation.

Where an investigation into fraud, corruption, theft or other financial irregularity is considered to be likely to result in a conviction, the CIU will refer all suitable cases to West Yorkshire Joint Services for financial investigation (normally, but not limited to, those cases where the estimated loss is £5,000 or more) with a view to recovering monies, or property, obtained as a result of criminal activity or criminal lifestyle.

### **4.0 Sanction Recommendations, Approvals and Authorisations**

Relevant Officers, exercising delegated authority given by the Council's Section 151 Officer will recommend, approve and authorise the commencement of criminal proceedings and/or applications for confiscation and /or restraint orders under POCA, or apply "alternative to prosecution" sanctions.

### **5.0 Role of the Council's Legal Services**

A key partner in the Council's counter fraud approach providing specialist advice, support and services to the CIU, ensuring compliance with all relevant legislation pertaining to the prevention, detection and investigation of fraud, corruption and theft (for example the Police and Criminal Evidence Act 1984, Criminal Procedures and Investigations Act 1996, Regulation of Investigatory Powers Act 2000, Data Protection Act 2018 the General Data Protection Regulations, Proceeds of Crime Act 2002 and Fraud Act 2006).

In addition to the above the Council has a general power, under section 222 of the Local Government Act 1972, to bring legal proceedings before the Court where the "Local Authority considers it expedient for the promotion or protection of the interests of the inhabitants of their area".

The Council's Legal Services team will ensure that prosecution proceedings will only be issued after having due regard to the CPS Code of Practice and the Council's Sanctions policy. As such prosecution proceedings will only be issued where there is sufficient and admissible evidence to provide a realistic prospect of conviction and where the prosecution is in the public interest.

The Code of Practice requires the decision to prosecute to be kept under continuous review, so that any new facts or circumstances, in support of or undermining the Council's case, are taken into account in the Council's decision to continue or terminate the proceedings.

### **6.0 Role of Internal Audit**

The CIU will work closely with the Internal Audit Service (IAS), to ensure that, where an irregularity or fraud occurs, the appropriate controls are in place, weaknesses are identified and recommendations made to improve the Council's control environment.

## 7.0 Sanction application

The Council has a range of sanctions that can be applied to those who commit offences of fraud, corruption, theft or other financial irregularity. These include formal cautions or financial penalties, criminal proceedings in a Court and/or disciplinary action, where a Council employee has committed the offence.

The Council will, in certain circumstances, take more than one form of action. For example, where an employee has committed offences of fraud, corruption, theft or other financial irregularity then disciplinary, criminal prosecution and civil recovery action may be appropriate, however the sanction decision will consider every case on its own merits, taking into account factors, such as a person's physical and mental health, their age, financial circumstances and, in considering prosecution as a first option, whether it is in the public interest in addition to assessing the overall impact of the punishment to both the individual and the community.

It should be noted that this Sanction Policy document does not cover disciplinary matters relating to Council employees. Such disciplinary matters fall under the Council's own disciplinary policy, "Fairness at Work".

To ensure a consistent and equitable application of sanctions, the Council will normally apply the following guidelines;

### **Formal Caution**

This is an administrative sanction offered in certain circumstances, as an alternative to prosecution.

A Formal Caution is normally offered by way of a face to face interview at Council offices and if accepted then the person is admitting to the offence and will be required to sign the appropriate document(s) which will be retained by the Council.

Once a formal caution has been accepted then the Council will not institute criminal proceedings for that offence, however, should the person commit other subsequent similar offences against the Council then a prosecution may be considered as the first option for that subsequent offence.

Where a formal caution is not accepted or the person fails to respond to invitations to be offered such a sanction then the Council will consider instituting criminal proceedings.

#### **Offences of fraud, corruption or theft or other financial irregularity**

#### **Offences relating to Council Tax**

The Council will normally only consider offering a formal caution when **all** of the following apply;

- The loss or potential loss to the Council is less than £5,000
- The offence has been admitted at an interview under caution.
- The offence has not been deliberate, planned or committed over a long period of time.

<p><b>Reduction (CTR) Scheme</b></p>	<ul style="list-style-type: none"> <li>• The person has not committed any similar offences against the Council in the last 5 years.</li> <li>• The “Evidential Test” is satisfied (i.e. The Council considers there is sufficient evidence to provide a realistic prospect of conviction).</li> </ul> <p>Where the offence has not been admitted during an interview under caution, but all the other criteria have been met, a decision will be made in conjunction with the Council’s Legal Services as to whether a formal caution is appropriate.</p> <p>Where the offence is subject to a financial penalty but this will cause severe hardship the Council can consider a formal caution as the first option.</p>
<p><b>Offences of wrongful use of a Disabled Persons badge</b></p>	<p>The Council will normally only consider offering a formal caution when <b>all</b> of the following apply;</p> <ul style="list-style-type: none"> <li>• The offence has been admitted at an interview under caution when reasonable mitigation has been offered and accepted.</li> <li>• The offence has not been deliberate, planned or committed over a long period of time</li> <li>• The person has not committed a similar offence in the last 5 years.</li> <li>• The “Evidential Test” is satisfied (i.e. The Council considers there is sufficient evidence to provide a realistic prospect of conviction).</li> </ul>
<p><b><u>Financial Penalty</u></b></p> <p>This is a fine, offered in certain circumstances, as an alternative to prosecution. Where a fine is not accepted or the person fails to respond to invitations to be offered such a sanction, then the Council will consider instituting criminal proceedings</p> <p>A fine is normally offered by way of a face to face interview at a Council building and if accepted then the person will be required to sign the appropriate document(s) which will be retained by the Council. A signed copy will be given to the person at the time of interview.</p> <p>Once a fine has been accepted then the Council will not institute criminal proceedings for that offence, however, should the person commit other subsequent similar offences against the Council then a prosecution may be considered as the first option.</p>	



<p><b>Offences of fraud, corruption, theft or other financial irregularity</b></p>	<p>The Council will not consider offering fines as an alternative to prosecution for this type of offence.</p>
<p><b>Offences relating to Council Tax Reduction (CTR) Scheme</b></p>	<p>The Council will normally only consider offering a financial penalty when <b>all</b> of the following apply;</p> <ul style="list-style-type: none"> <li>• The loss or potential loss to the Council is less than £5,000</li> <li>• The offence has not been deliberate, planned or committed over a long period of time.</li> <li>• The person has not committed any similar offences against the Council in the last 5 years.</li> <li>• The “Evidential Test” is satisfied (i.e. The Council considers there is sufficient evidence to provide a realistic prospect of conviction).</li> </ul> <p>Where the Council considers applying a financial penalty, as a first option, and this would cause severe hardship then a formal caution will be considered.</p> <p>The financial penalty will be calculated based on 50% of the extra CTR received (rounded down to the nearest whole penny) with a minimum penalty of £100 and a maximum of £1000*</p> <p><small>* in accordance with the Local Government Finance Act 1992 (as amended by the Council Tax Reduction Schemes (Detection and Fraud Enforcement)(England)Regulations 2013)</small></p>
<p><b>Offences of wrongful use of a Disabled Persons badge</b></p>	<p>The Council will not consider offering fines as an alternative to prosecution for this type of offence.</p>
<p><b><u>Prosecution</u></b></p>	
<p><b>Offences of fraud, corruption, theft or other financial irregularity</b></p>	<p>The Council will normally only consider instituting criminal proceedings when <b>all</b> of the following apply;</p> <ul style="list-style-type: none"> <li>• The loss or potential loss to the Council exceeds £5,000.</li> <li>• The “Evidential Test” is satisfied (i.e. The Council considers there is sufficient evidence to provide a realistic prospect of conviction).</li> </ul>

	<ul style="list-style-type: none"> <li>• The Public Interest test is satisfied. (i.e. The Council has considered the public interest factors in determining whether to prosecute or consider an “alternative to prosecution”).</li> </ul> <p>Some exceptions to this are (not an exhaustive list);</p> <ul style="list-style-type: none"> <li>• A formal caution has been offered and refused.</li> <li>• There are known previous convictions for fraud related offences against the Council.</li> <li>• The offence has been deliberate, planned, committed over a long period of time or involved more than one person.</li> </ul>
<p><b>Offences relating to the Council Tax Reduction (CTR) Scheme</b></p>	<p>The Council will normally only consider instituting criminal proceedings when <b>all</b> of the following apply;</p> <ul style="list-style-type: none"> <li>• The loss or potential loss to the Council exceeds £5,000.</li> <li>• The “Evidential Test” is satisfied (i.e. The Council considers there is sufficient evidence to provide a realistic prospect of conviction)</li> <li>• The Public Interest test is satisfied. (i.e. The Council has considered the public interest factors in determining whether to prosecute or consider an “alternative to prosecution”).</li> </ul> <p>Some exceptions to this are (not an exhaustive list);</p> <ul style="list-style-type: none"> <li>• A formal caution or fine has been offered and refused</li> <li>• There are known previous convictions for Council Tax related offences</li> <li>• The offence has been deliberate, planned, committed over a long period of time or involved more than one person.</li> </ul>
<p><b>Offences of wrongful use of a Disabled Persons badge</b></p>	<p>The Council will normally only consider instituting criminal proceedings as a first option when <b>all</b> of the following apply;</p> <ul style="list-style-type: none"> <li>• The offence has not been admitted at an interview under caution <b>or</b> the mitigation offered has not been accepted by the Council.</li> <li>• The “Evidential Test” is satisfied (i.e. The Council considers there is sufficient evidence to provide a realistic prospect of conviction).</li> <li>• The Public Interest test is satisfied (i.e. The Council has considered the public interest factors in determining whether to prosecute or consider an “alternative to prosecution”).</li> </ul> <p>Some exceptions to this are (not an exhaustive list);</p> <ul style="list-style-type: none"> <li>• A formal caution has been refused</li> <li>• There are known previous convictions for Blue Badge related offences</li> </ul>

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|  | <ul style="list-style-type: none"> <li>The offence has been deliberate, planned, committed over a long period of time or involved more than one person.</li> </ul> |
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## 8.0 Recovery of losses

Where the Council has suffered a financial loss arising from offences of fraud, corruption, theft or other financial irregularity including CTR offences then it will make vigorous attempts to recover the resultant loss, including taking action in the Civil Courts if necessary, in addition to any sanction that may be imposed in respect of that offence.

In cases where the loss to the Council is estimated to be in excess of £5,000 then the Council will consider instigating a financial investigation – see para 3.0.

## 9.0 Policy review

This policy will be reviewed every 3 years.

Reviewed by	Date	Notes	Next review
Head of Service – Corporate Investigations	26 <sup>th</sup> October 2022	Minor changes to formatting and introduction content to align with new counter fraud framework.	<b>January 2025</b>

# **Counter Fraud Response Plan**

## City of Bradford Metropolitan District Council

## 1. Introduction

The Counter Fraud Response Plan, is a key document in the City of Bradford Metropolitan District Council's Counter Fraud framework. The plan sets out the most common types of fraud, corruption and theft, stakeholder responsibilities and the arrangements for employees of the Council and/or the people and communities of Bradford District to report any concerns of fraud, corruption or theft being committed against the Council.

## 2. Examples of fraud, corruption and theft

The most common types of fraud, corruption, theft committed against the Council can be grouped as follows:

### 2.1 Occupation / Employee

**Recruitment** – occurs, for example, when a job applicant inflates their credentials to apply for a position; provides a false employment history or provides false or misleading references

**Financial statement** – occurs, for example, when; -

- an employee or elected member provides false information to support an expenses claim;
- an employee works for another employer whilst receiving sick pay;
- an employee abuses the Council's flexitime or leave scheme;
- an employee or elected member deliberately manipulates or misreports other financial information,
- an employee or elected member deliberately fails to follow the Council's financial procedures for their own gain.

**Asset misappropriation** – occurs, for example, when

- an employee, elected member or 3<sup>rd</sup> party steals the Council's property (including cash or other assets)
- an employee purchases goods for personal use through council suppliers
- an employee uses Council equipment or assets for personal e.g. Council vehicles, stock, equipment, computers, mobile phones or internet access

### 2.2 Council Tax and Non Domestic Rates

**Council Tax; Council Tax Reduction Scheme; Council Tax Single Person Discount**

When someone who is liable to pay Council Tax deliberately gives false or misleading information so that they can pay less or no Council Tax.

**Business Rates** When a sole trader or a company deliberately gives false or misleading information so that they can pay lower or no business rates including stating that a property is no longer in use and therefore qualifies for a reduction in rates.

### **2.3 Disabled Parking (Blue Badge)**

**Misuse, abuse or defrauding the Blue Badge scheme is when someone**

- Uses a badge which is no longer valid
- Uses a badge when the badge holder is deceased
- Uses a badge that has been forged or copied
- Uses a badge that has been reported lost or stolen
- Uses a valid badge belonging to a friend or relative for own personal use

### **2.4 Housing**

#### **Council or Social Housing - Tenancy Fraud**

This occurs when someone deliberately gives false or misleading information when applying for a property, for example; -

- falsely claiming to have children;
- subletting a property without permission;
- living in a property after someone has died without the right to do so;
- key selling – where a resident is paid to pass on their keys in return for a one off payment;
- false right to buy/acquire.

### **2.5 Adult Social Care**

**Direct payment** – occurs when, for example,

- payments are not spent on items detailed in the care plan;
- false claims for expenses and wages are made by carers;
- a disability or care need is exaggerated to receive support;

**Savings and capital** are not declared on a financial assessment

### **2.6 Procurement**

This occurs when someone deliberately intends to influence any stage of the procure to pay life cycle in order to make a financial gain or cause a loss. This could be perpetrated by contractors or sub-contractors external to the Council and/or staff within the organisation.

### **2.7 Public Funding and Grant**

This occurs when individuals, organisations or organised criminal groups claim public funding or grants that they are not eligible for.

**PLEASE NOTE** The Council's Corporate Investigation Unit is unable to investigate suspicions relating to **Housing Benefit** or **Universal Credit** fraud and any suspicions should be reported to the Department for Work and Pensions (DWP) as follows; -

<https://www.gov.uk/report-benefit-fraud>

or call **0800 854 440**







### 3.0 Stakeholder Responsibilities

<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>• Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption</li> </ul>
<b>Monitoring Officer</b>	<ul style="list-style-type: none"> <li>• Advise Members and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.</li> <li>• Maintain whistleblowing reporting arrangements</li> </ul>
<b>Section 151 Officer</b>	<ul style="list-style-type: none"> <li>• Develop and maintain the Counter Fraud Framework, supported and approved by the Governance and Audit Committee</li> <li>• Report significant matters of fraud or financial irregularity to the Head of Paid Service (Chief Executive), the Executive and the Governance and Audit Committee</li> <li>• Develop and implement the Counter Fraud Framework and ensure cases of suspected fraud reported are promptly investigated</li> <li>• Make recommendations to improve controls and reduce the risk of fraud in the future</li> <li>• Ensure that where fraud is found proportionate action is taken for sanctions and redress</li> </ul>
<b>Governance and Audit Committee</b>	<ul style="list-style-type: none"> <li>• Review the assessment of fraud risks and potential harm to the Council from fraud and corruption</li> <li>• Monitor the effectiveness of the Council's counter fraud measures including the Council's Corporate Investigations Unit</li> <li>• Promote high standards of conduct amongst Officers and Members</li> </ul>
<b>Members</b>	<ul style="list-style-type: none"> <li>• Support and promote the development of a strong counter fraud culture</li> <li>• Ensure fraud awareness learning is completed bi-annually</li> </ul>
<b>External Audit</b>	<ul style="list-style-type: none"> <li>• Subject to the concept of materiality, provides reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity.</li> </ul>
<b>All Directors and Heads Of Service</b>	<ul style="list-style-type: none"> <li>• Ensure that all counter fraud framework policies are adhered to</li> </ul>

	<ul style="list-style-type: none"> <li>• Assess the risk of fraud, corruption and theft in departmental and service areas</li> <li>• Reduce fraud risks by implementing strong internal controls</li> <li>• Ensure all suspected fraud or financial irregularity is reported in accordance with the Fraud Response Plan</li> <li>• Ensure all employees have taken the fraud awareness learning at least bi-annually.</li> </ul>
<b>All Managers</b>	<ul style="list-style-type: none"> <li>• Ensure that all counter fraud framework policies are adhered to</li> <li>• Ensure all suspected fraud or financial irregularity is reported in accordance with the Fraud Response Plan</li> <li>• Ensure all employees have taken the fraud awareness learning at least bi-annually.</li> <li>• Ensure, when undertaking an investigation under the Council's disciplinary procedures, that if the investigation involves potential fraud, corruption or theft, immediate contact must be made with the Corporate Investigation Unit, prior to the commencement of the investigation, to assess whether the nature of the allegations fall within the scope of the Fraud Response Plan. Managers should only proceed once this advice has been received (which may include an agreement on which issues should proceed and others which should not). This will ensure that, as far as possible, any evidence collected will not adversely impact any potential criminal investigation.</li> </ul>
<b>Human Resources Advisors &amp; Business Partners</b>	<ul style="list-style-type: none"> <li>• Ensure that suspicions of fraud, corruption or theft are referred to the Corporate Investigation Unit at the earliest possible opportunity and certainly before any actions are instigated.</li> </ul>
<b>Public, Partners, Suppliers, Contractors and Consultants</b>	<ul style="list-style-type: none"> <li>• Be aware of the possibility of fraud and corruption against the Council and report any genuine concerns/suspicions in accordance with this plan</li> </ul>

#### 4.0 Reporting a concern

Where an employee, elected member, member of the public, contractor or other 3<sup>rd</sup> party suspects that fraud, corruption or theft is occurring then they should report their suspicions immediately as follows; -

	<b>Council employees</b>	<b>Elected Members</b>	<b>Member of the public, Contractor or other 3<sup>rd</sup> party</b>
Online referral via <a href="#">Bradnet</a>			
On line <a href="#">fraud referral form via bradford.gov.uk</a>			



In writing to: Corporate Investigations Unit (CIU), City of Bradford Metropolitan District Council, City Hall, Centenary Square, Bradford BD1 1HY			
email <a href="mailto:reportfraud@bradford.gov.uk">reportfraud@bradford.gov.uk</a>			
Confidential hotline 01274 437511			
<u>Speak directly</u> to a member of the Corporate Investigations Unit (CIU)			
<u>Speak directly</u> to the Governance, Scrutiny and Members Support Manager or Monitoring Officer			
<u>Speak directly</u> to the Corporate Investigations Manager			

### IMPORTANT

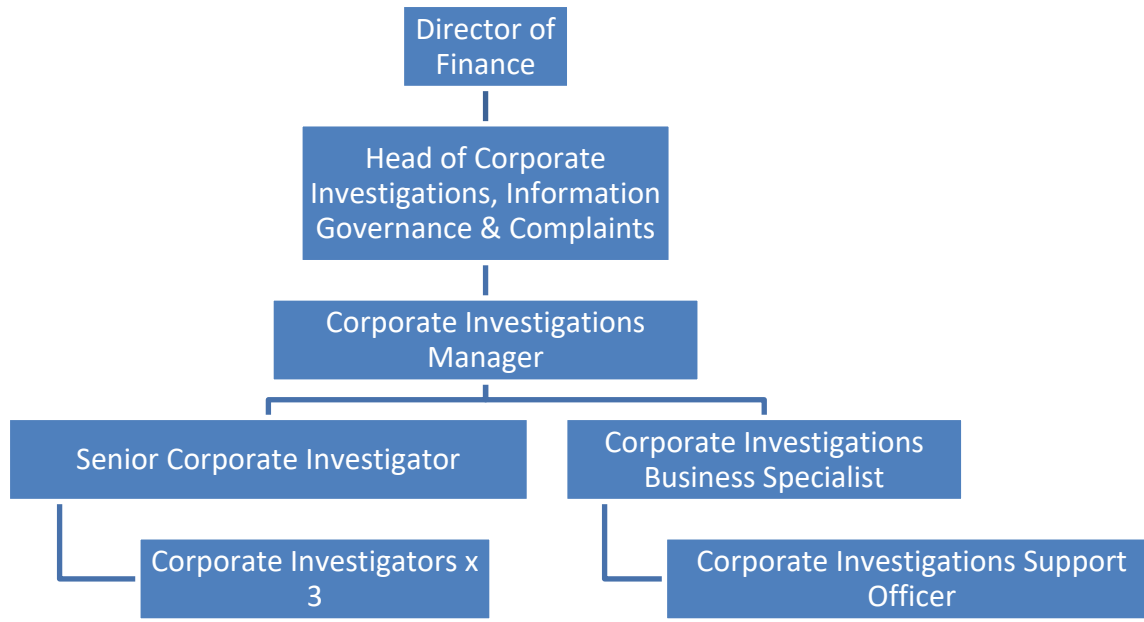
The employee or elected member reporting a suspicion of fraud, corruption, theft or any other financial irregularity, **should not**, under any circumstances, carry out their own investigation as this could result in a contravention of legislation and seriously compromise any criminal investigation. This includes, but is not limited to; -

- gathering evidence to support the suspicion;
- contacting the suspected perpetrator in an effort to determine facts and/or demand restitution;
- conducting interviews with the perpetrator and/or any witnesses;
- conducting surveillance.

Where the employee or elected member is any doubt about the follow up action they should take in relation to the suspicion, they should contact the Corporate Investigations Unit immediately.

## 5.0 Investigation process

The Corporate Investigations Unit (CIU) are responsible for investigating allegations of fraud, corruption, theft or any other financial irregularity for the Council.



Where an investigation is to be carried out by the CIU, the Assistant Director / Director of the Service will immediately be notified of the scope of the investigation.

Where the allegation is about an employee which, if proven, could constitute gross misconduct then this will be highlighted for the Assistant Director / Director of the Service so that they can consider the options e.g. suspension from duty.

All investigations will be carried out by appropriately trained investigators and conducted in accordance with the relevant Council policies, procedures and legislation and will always ensure the security, privacy and integrity of the evidence collected and that it is presented as appropriate for use at internal or external hearings and / or the Courts.

## 6.0 Conclusion of an investigation

On completion of a CIU investigation, a report will be prepared for the Assistant Director / Director of the Service detailing the investigation outcome and any evidence gathered to support the outcome.

Where the CIU investigation has a finding of fraud, theft, corruption or any other financial irregularity any required follow up action will be taken by the CIU, in accordance with the Council's sanction policy.

In addition, the report may contain recommendations for actions management need to take and this may include (*not an exhaustive list*); -

- Instigating a management investigation
- Improving identified weakness in system controls to reduce the risk of reoccurrence.

- Recovering any identified financial loss through the appropriate mechanism. Summary information about the incidence of fraud and corruption and the outcomes of investigations will be presented in the annual fraud report.

## **7.0 CIU performance reporting**

A report on the performance of the CIU is presented to CMT and the Governance & Audit Committee on an annual basis. Additionally, reports are produced for Departments and Services on a quarterly basis to help them identify fraud patterns and trends allowing them to, where appropriate, address any weaknesses in service delivery.

## **8.0 Review**

The Fraud Response Plan will be reviewed biannually.

# **Anti-Bribery Policy**

**City of Bradford Metropolitan  
District Council**

## **What is Bribery?**

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

### **The Bribery Act 2010**

There are four key offences under the 2010 Bribery Act;

1. **Bribery of another person** (Section 1) makes it an offence to offer, promise or give a bribe
2. **Accepting a bribe** (Section 2) makes it an offence to request, agree to receive, or accept a bribe
3. **Bribing a foreign public official** (Section 6) makes it an offence with the intention of obtaining or retaining business or an advantage in the conduct of business
4. **Failing to prevent bribery** (Section 7) makes it a corporate offence where there is 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. 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.

### **Penalties**

An individual guilty of an offence under sections 1, 2 or 6 of the Bribery Act 2010 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

Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

### **Public contracts and failure to prevent bribery**

Under the Public Contracts Regulations 2015 contracting authorities shall exclude a supplier from participation in a procurement procedure where they have established that supplier has been convicted of certain offences, including bribery.

## **Scope of this policy**

The responsibility for minimising the risk of bribery occurring resides at **all** levels of the Council, in **all** Departments and **all** Services.

This policy therefore applies to **all** Council employees including those permanently employed, those employed on a casual or temporary contract, temporary agency staff, contractors, non-executives, agents, Members, volunteers and consultants.

This policy applies to **all** of the Council's activities and the Council will seek to promote the adoption of policies consistent with the principles set out in this policy for partners, joint ventures and suppliers.

## **Anti-Bribery Policy Statement**

This Statement sets out Bradford Metropolitan District Council's policy in relation to bribery and is supplementary to the Council's wider Counter Fraud Policy & Strategy.

The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.

The Council recognises that bribery, either directly between two parties or using a third party as a conduit to channel bribes to others, is a criminal offence.

The Council **does not**, and **will not**, pay bribes or offer an improper inducement to anyone for any purpose, nor does it or will it, accept bribes or improper inducements or engage indirectly in or otherwise encourage bribery.

As detailed in the Council's Counter Fraud Policy & Strategy, *the Council is wholly opposed to all forms of fraud, theft, corruption (including bribery) and any other financial irregularity both from within the Council and from external sources as this is bad for the economy and can adversely impact on the provision of public services for the citizens of Bradford.*

The Council therefore, advocates **strict adherence** to its anti-fraud framework and associated policies and, has a **zero tolerance approach** requiring that **all** Council employees, councillors, suppliers, contractors, partners or service users act honestly and with integrity at all times and **do not** become involved in paying or accepting bribes or other improper inducements.

The Council will take all necessary steps to investigate and pursue appropriate sanctions available in each case, in accordance with the Council's Corporate Fraud Sanctions Policy and/or the Member' and Employee Codes of Conduct. Sanctions could include prosecution in the Criminal Courts; removal from office; disciplinary action; dismissal; loss recovery and/or referral to the Police and/or other agencies.

The Council will ensure that all parties covered in the "scope" section of this policy;-

1. Understand what constitutes bribery and what their responsibilities are.
2. Have read and understood this policy and adhere strictly to it at all times.
3. Are suitably trained, to recognise and avoid occurrences of becoming personally involved in allegations of bribery and to recognise when others may be involved.
4. Remain vigilant and report any suspicions of bribery to their Assistant Director and the Corporate Investigations Unit as soon as possible.
5. Know that they should treat any offer of a gift or hospitality (either to them personally or their family members) with extreme caution and to always report it to their line manager. *(The context is very important when deciding whether or not to accept an offer of a gift, and any offer from an organisation seeking to do business with or provide services to the Council or in the process of applying for permission or some other decision from the Council is unlikely ever to be acceptable, regardless of the value of the gift).*

6. **Do not**:-

- Give or promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given.
  - Give or 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 where it is known or suspected that it is offered with the expectation that it will obtain a business advantage for them
  - Accept a gift or hospitality from a third party where it is known or suspected that it is offered or provided with an expectation that a business advantage will be provided by the Council 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.
7. Understand that breaches of this policy could constitute "Gross Misconduct" and result in disciplinary action being taken, including and up to dismissal.

# **Anti-Money Laundering Policy**

City of Bradford Metropolitan  
District Council



## **1.0 Introduction**

The City of Bradford Metropolitan District Council (“The Council”) is committed to the highest standards of openness, probity and accountability and has put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

The aim of this policy is to set out the procedures which must be followed where money laundering is suspected within the Council.

## **2.0 Definition of Money Laundering**

Money laundering is the illegal process of making large amounts of money, generated by criminal activity, appear to have come from a legitimate source.

The Proceeds of Crime Act (POCA) 2002 makes it an offence to; -

- conceal, disguise, convert, transfer or remove \*criminal property from the UK  
**and/or**
- enter into or become 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  
**and/or**
- acquire, use or have possession of \*criminal property

*\*criminal property is defined in the Act as money, all forms of real estate or property, things in action and other intangible or incorporeal property*

These primary offences carry a maximum penalty of 14 years’ imprisonment and/or an unlimited fine.

## **3.0 Scope of the Policy**

This policy applies to all Council employees, whether permanent or temporary, and Members of the Council. Its aim is to enable Council employees and Members to respond to a concern which may arise within the course of their Council duties. Any concern, relating to a matter outside the Council, should be referred directly to the Police.

## **4.0 Council obligations**

Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations, there is the risk of reputational and/or financial loss. Guidance from the Chartered Institute of Public Finance and Accounting (CIPFA) suggests that public service organisations should comply with the underlying spirit of the legislation and regulations and as such the Council is committed to ensuring compliance as follows:

- To appoint a money laundering reporting officer (“MLRO”) to whom any suspicions of money laundering activity can be reported
- Implement a procedure to enable the reporting of suspicions of money laundering
- Maintain client identification procedures in certain circumstances
- Maintain record keeping procedures

## **5.0 The Money Laundering Reporting Officer (MLRO)**

This is the Director of Finance (Section 151 Officer) who has the ability to act upon reported cases. The deputy MLRO is the Head of Corporate Investigations, Information Governance & Complaints and the Head of Internal Audit.

## **6.0 Reporting Procedure for Suspicions of Money Laundering**

Where money laundering activity is suspected of taking/has taken place, this must be disclosed as soon as practicable to the MLRO using the disclosure report, attached at Appendix 1 to this policy. The disclosure report must include as much detail as possible including; -

- Full details of the people involved
- Full details of the nature of their/your involvement.
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent
- Where they took place
- How they were undertaken
- The (likely) amount of money/assets involved
- The reasons for the suspicions.
- Any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable a report to the National Crime Agency (NCA), where appropriate, to be prepared.

Copies of any relevant supporting documentation must also be provided to the MLRO.

Once matter has been reported to the MLRO all subsequent directions from the MLRO must be followed no further enquiries into the matter should be made as any necessary investigation will be undertaken by the NCA.

All Council employees will be required to co-operate with the MLRO and any other bodies, as directed, during any subsequent money laundering investigation.

At no time and under no circumstances should suspicions be voiced to the person(s) suspected of money laundering, or reference made on any client file without the specific consent of the MLRO. Alerting an individual to the fact that a referral has been made or making reference to this on a client file, which the client may subsequently exercise their right to see, could result in the Council employee committing of an offence known as “tipping off”.

The MLRO will keep the appropriate records in a confidential manner.

## **7.0 Consideration of the disclosure by the Money Laundering Reporting Officer**

Upon receipt of a disclosure report, the MLRO will note the date of receipt on the appropriate section of the report and acknowledge receipt of it within 3 working days.

The MLRO will consider the report and any other available internal information they think relevant, including undertaking other reasonable inquiries, to ensure that all available information is taken into account in deciding whether a report to the NCA is required.

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

- there is actual or suspected money laundering taking place; **or**
- there are reasonable grounds to know or suspect that is the case; **and**
- whether they need to seek consent (in liaison with the Head of Corporate Investigations, Information Governance & Complaints) from the NCA for a particular transaction to proceed.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they will mark the report accordingly and give consent for any ongoing or imminent transaction(s) to proceed.

All disclosure reports referred to the MLRO and reports made by them to the NCA will be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

### **8.0 Policy Review**

This policy will be reviewed bi-annually - **Review Date - January 2025**

**CONFIDENTIAL**

**REPORT TO MONEY LAUNDERING REPORTING OFFICER RE: SUSPECTED MONEY LAUNDERING ACTIVITY**

**To:** Money Laundering Reporting Officer (MLRO)

**From:** ..... [Name of employee]

**Department:** ..... [Post title and Service Area]

**Ext / Tel No:** .....

**DETAILS OF SUSPECTED OFFENCE:**

**Name(s) and address(es) of person(s) involved:**

[If a company / public body please include details of nature of business]

**Nature, value and timing of activity involved:**

[Please include full details e.g. what, where, how].

**Nature of suspicions regarding such activity:**

**Has any investigation been undertaken (as far as you are aware)? Yes / No**

**If yes, please include details below:**

**Have you discussed your suspicions with anyone else? Yes / No**

**If yes, please provide details of who the discussions took place with and explain why such discussion was necessary:**

**Have you consulted any supervisory body for guidance? Yes / No**  
**If yes, please specify below:**

**Do you feel there is a reasonable justification for not disclosing the matter to the NCA?**  
Yes / No  
**If yes, please specify below:**

**Please set out below any other information you feel is relevant:**

**Please be aware that you should not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity, as to do so may constitute a tipping off offence, under the legislation, for which you could be prosecuted.**

Signed: ..... Dated: .....