

ANTI-FRAUD AND CORRUPTION STRATEGY

1. INTRODUCTION

- 1.1 The Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to an effective Anti-Fraud and Corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.
- 1.2 This strategy defines the Council's approach to managing the risk of fraud and corruption ensuring best practice is embedded across all services, projects and partnerships. Any fraudulent or corrupt act committed against the Council effectively constitutes theft of taxpayers' money. It is unlawful and deprives the Council of resources which should be available to provide public services.
- 1.3 The threat from fraud and corruption is both internal and external. The Council's expectation is that Councillors and employees at all levels will lead by example to ensure the highest standards of probity and accountability are established and strictly adhered to, and that personal conduct is above reproach at all times.
- 1.4 The on-going development of the strategy will be based upon comprehensive on-going risk assessments in all areas of Council activity to reduce losses from fraud and corruption to an absolute minimum, through:-
- Reinforcing an organisational culture of zero tolerance to fraud and corruption
 - Encouraging prevention
 - Pro-actively detecting fraud and corruption
 - The instigation of legal, disciplinary and recovery action against any individual found to have acted fraudulently or corruptly in their relationship and dealings with the Council.

2. DEFINITIONS

2.1 **FRAUD:** Is defined by The Fraud Act 2006 as follows:

A person is guilty of fraud if he is in breach of any of the following:

Fraud by false representation; that is if a person:

- (a) dishonestly makes a false representation, and
(b) intends, by making the representation:

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

Fraud by failing to disclose information; that is if a person:

- (a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and

(b) intends, by failing to disclose the information:

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

Fraud by abuse of position; that is if a person:

- (a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,
- (b) dishonestly abuses that position, and
- (c) intends, by means of the abuse of that position:
 - (i) to make a gain for himself or another, or
 - (ii) to cause loss to another or to expose another to a risk of loss.

The Fraud Act 2006 repeals certain offences that are detailed in the Theft Acts of 1968 and 1978. The term “fraud” is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, all of these activities are the same crime, theft, examples of which include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

2.2 CORRUPTION: Is the deliberate use of one’s position for direct or indirect personal gain. “Corruption” covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately.

2.3 THEFT: Is the physical misappropriation of cash or other tangible assets. A person is guilty of “theft” if he or she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

2.4 MONEY LAUNDERING: Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back.

All employees are instructed be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council’s Money Laundering Policy.

2.5 BRIBERY: The Bribery Act 2010 introduces four main offences, simplified as the following:

- Bribing another person: a person is guilty of an offence if he/she offers, promises or gives a financial or other advantage to another person.
- Offences relating to being bribed: a person is guilty of an offence if he/she requests, agrees to receive, or accepts a financial or other advantage. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not.
- Bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person’s intention is to influence the foreign public official in their capacity, duty or role as a foreign public official.
- Failure of commercial organisations to prevent bribery: organisations, which include the Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business.

Note: A ‘financial’ or ‘other advantage’ may include money, assets, gifts or services.

2.6 For more information on exactly what constitutes bribery and the Council’s policy towards it, please refer to the Anti-Bribery Policy and procedure (Appendix 2).

2.7 Prior to entering into any business arrangements, all Council officers and/or business units should ensure that they have taken all reasonable steps to identify any potential areas of risk relating to bribery or corruption.

3. SCOPE

3.1 This document applies to:

- All Bromley Council Employees (including Agents and Agency Staff) and Councillors.
- Staff and Committee Members of Council funded voluntary organisations.
- Partner organisations.
- Schools.
- Council Suppliers, Contractors and Consultants.
- General Public.

4. AIMS AND OBJECTIVES

4.1 The aims and objectives of the Anti-Fraud and Corruption Strategy are to:

- Ensure that the Council is protected against fraud and loss
- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Bromley residents.
- Create an "anti-fraud" culture which highlights the Council's zero tolerance of fraud, corruption and theft, which defines roles and responsibilities and actively engages everyone (the public, Councillors, staff, managers and policy makers).
- To provide a best practice "counter-fraud" service which:
 - Proactively deters, prevents and detects fraud, corruption and theft.
 - Investigates suspected or detected fraud, corruption and theft.
 - Enables the Council to apply appropriate sanctions and recovery of losses.
 - Provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

5. PRINCIPLES

5.1 The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this strategy.

5.2 All fraudulent activity is unacceptable, and will result in consideration of legal action being taken against the individual(s) concerned. The Council will also pursue the repayment of any financial gain from individuals involved in malpractice and wrongdoing. The Council will ensure consistency, fairness and objectivity in all its "counter-fraud" work and that everyone is treated equally.

5.3 This strategy encourages those detailed in section 3.1 to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated and, if proven, disciplinary or legal action may be taken. Section 8 details the reporting arrangements in relation to incidents of fraud or irregularity.

5.4 The Council will work with its partners (such as the Police, other Councils and other investigative bodies) to strengthen and continuously improve its arrangements to prevent fraud and corruption.

6. RESPONSIBILITIES

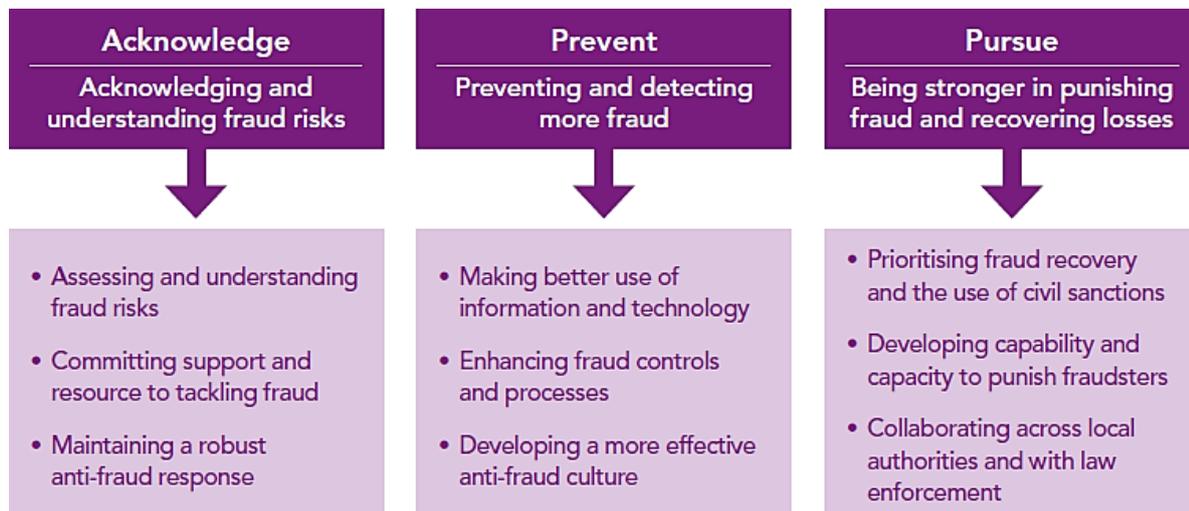
STAKEHOLDER	SPECIFIC RESPONSIBILITIES
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Director of Finance	To ensure the Council has adopted an appropriate anti-fraud and corruption strategy, there is an effective internal control environment in place and there is an adequately resourced and effective Internal Audit service to deliver "counter-fraud" work.
Director of Corporate Services	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Audit Sub-Committee	To monitor the Council's strategies and policies and consider the effectiveness of the arrangements for Whistle-blowing and Anti-Fraud and Corruption Procedures.
Councillors	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for developing and implementing the Anti-Fraud and Corruption Strategy and monitoring the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence. LBB has a partnership working arrangement with the Royal Borough of Greenwich to investigate allegations of fraud and corruption.
Directors, Assistant Directors, Heads of Service and Service Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these

	risks by implementing strong internal controls.
STAKEHOLDER	SPECIFIC RESPONSIBILITIES
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to management, Internal Audit or via the Whistleblowing Procedures.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

7. APPROACH TO COUNTERING FRAUD

CIPFA's code of practice on managing risk of fraud and corruption was published in 2014 to provide support to organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. It is a voluntary code that can be applied in any public service organisation. The Council will continue to review its counter fraud arrangements and align its approach to the best practice advice in the code.

The Council aims to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally'. The three key themes of this approach are Acknowledge, Prevent and Pursue:-



7.1 How will we *Acknowledge* and *Recognise* fraud and corruption/the risk of fraud and corruption?

7.1.1 Accessing and understanding the fraud risks –

The ongoing development of this strategy will be informed through gaining a clear understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in countering fraud and corruption. This will focus on greater use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas. We will also be focusing on raising

staffs awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

7.1.2 Committing support to tackling fraud and corruption -

We will continue to work in partnership with the Royal Borough of Greenwich to investigate allegations of fraud and corruption.

7.1.3 Maintaining a robust Anti-fraud response -

Whistle blowing remains the most common way that fraud and corruption is detected in large organisations. The Council will raise awareness and continually promote its whistle blowing policy: -

http://onebromley/BA/Pub_LandDS/Pub_LSD/Pages/RaisingConcerns.aspx and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon. Thereby developing a robust and proportionate response to counter any threats

7.2 How will we prevent fraud and corruption?

7.2.1 Enhancing fraud and corruption controls and processes –

The best way to fight fraud and corruption is to prevent it happening in the first place. The Council will continually work towards realigning counter fraud resources away from enforcement towards prevention; ultimately, aiming to deter all would be offenders.

An effective internal control framework covering all the Council's systems both financial and non-financial is essential in the fight against fraud and corruption. The governance and risk management arrangements form an integral part of this arrangement.

Preventative measures will be supported by the ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk based audit reviews. The annual CIPFA Fraud and Corruption Tracker survey provides details of the key fraud risks faced by local government. The Council will undertake a review of the high risk areas identified in the publication.

7.2.2 Making better use of technology

A key feature in the drive towards preventing fraud and corruption at the outset will be the ongoing use and development of information sharing as well as better use of data to verify and validate transactions.

The sheer diversity of the services the Council and its partners provide and the multiplicity of systems used to manage them generate huge volumes of records and data. The Council will reengineer its fraud detection processes by comparing data from a variety of its systems, as well as, partners systems to identify anomalies, improve information sharing across services and inform the risk management process.

We will continue to participate in the bi-annual National Fraud Initiative data matching exercise. We will also carry out proactive exercises in key areas susceptible to fraud.

7.2.3 Anti-fraud culture

The Council is resolute that the culture and tone of the authority is one of honesty with zero tolerance towards fraud and corruption, this is already demonstrated through its codes of conduct for employees and members. The right organisational culture will be continually reinforced by:-

- Raising awareness of fraud with new and existing employees
- Publicising the results of all proactive work, sanctions and recovery of losses due to fraud and corruption increase and maintain general public awareness of the facilities available to report concerns about fraud and corruption.

7.3 How will we pursue fraud and corruption?

7.3.1 Prioritising fraud recovery and the use of civil sanctions

Fraud must not pay, where fraud or corruption is discovered the full range of sanctions will be deployed, including civil, disciplinary and criminal action. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity.

7.3.2 Developing capability to punish fraudsters

Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions.

7.3.3 Collaborating across local authorities, other organisations and with law enforcement

Organised fraud has no respect for boundaries and can cross a range of organisations and services. Effective cooperation and joint working between local authorities and with other agencies including the Police will be essential in the ongoing development of the Council's strategic response.

8. REPORTING, ADVICE AND SUPPORT

8.1 The Council's expectation is that Councillors and managers will lead by example and that employees at all levels will comply with the Council Policies, Financial Regulations, Contract Procedure Rules and departmental Procedures.

8.2 The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report any irregularities, or suspected irregularities to their line manager and if this is not appropriate then to the Head of Service or Service Manager. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, in accordance with Grievances and Whistle-blowing policies.

8.3 The line manager, Service Manager or Assistant Director/Head of Service who receives the allegation (whether from a Councillor or a Council employee) must refer the matter to the following people, to determine how the potential irregularity will be investigated:

- Chief Executive & Director of Finance (Section 151 Officer).

- Relevant Director.
- Head of Audit
- Head of Human Resources.
- Operational HR Manager.

8.4 Where appropriate, the Monitoring Officer should inform the Leader and relevant portfolio holder where the irregularity is material and/or could affect the reputation of the Council.

8.5 The investigating officer will follow the Guidelines in Fraud Protocol for investigating irregularities (Appendix A), which includes the need to:

- Deal promptly with the matter.
- Record all evidence received.
- Ensure that evidence is sound and adequately supported
- Ensure security of all evidence collected.
- Contact other agencies if necessary e.g. Police.
- Notify the Council's insurers.
- Implement Council disciplinary procedures where appropriate.

8.6 The Council will also work in co-operation with the following bodies that will assist in scrutinising our systems and defences against fraud and corruption:

- Local Government Ombudsman
- External Audit
- Cabinet Office for the National Fraud Initiative
- HM Revenue and Customs
- UK Border Agency
- Department for Work and Pensions
- Police

8.7 The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015. The Code sets out key principles for local authorities in creating greater transparency through the publication of public data. The Government believes that local people are interested in how their authority tackles fraud and have introduced a mandatory requirement in respect of fraud data. Information on London Borough of Bromley counter fraud work is published on the Council's website annually to meet the Local Government Transparency Code 2015 requirements.

8.8 We rely on the local community to help us detect fraud. All information is treated in the strictest confidence. We have developed a new counter fraud App for Apple and Android mobile devices called 'Bromley Fraud Reporter' which can be used to quickly and efficiently report fraud. The App is available on App Store and Google play for free download.

Download the App 'Bromley Fraud Reporter' on Apple and Android mobile devices from;



In addition to the fraud app, fraud can be reported by calling the fraud hotline 0800 169 6975, [report fraud online](#), or email audit@bromley.gov.uk.

8.9 We work in partnership with the Royal Borough of Greenwich to investigate allegations of fraud relating to:

- Housing (except housing benefit fraud. This is now the responsibility of the DWP)
- Council tax
- Business rates
- Disabled Parking / Blue Badge
- Grant claims
- Help with social care costs
- Fraud or corruption by employees, Councillors, suppliers, contractors
- Other types of fraud

9. FURTHER INFORMATION

9.1 Further information on Council policy can be found in the following documents:

- Codes of Conduct (Councillors and Officers).
- Whistle-Blowing Policy.
- Bribery Act Policy
- Gifts and Hospitality Policy.
- Policy on Declaring and Registering Interests.
- Financial Regulations.
- Contract Procedure Rules and the Contract Procedure Rules - Exemption Procedure.
- Money Laundering Policy.
- Regulation of Investigatory Powers Act (RIPA).

10. STRATEGY REVIEW

10.1 The Audit Committee will continue to review and amend this strategy as necessary to ensure that it continues to remain compliant and meets the requirements of the Council.

Responsible Officer: Head of Audit

Date: 30/01/2019

Review Date: 30/01/2022

Appendix A - Fraud Protocol

Introduction

This protocol specifies how the Director of Finance and other Chief Officers should manage alleged cases of fraud or corruption. It clarifies responsibilities for carrying out investigations and advises on action to be taken.

All employees have a responsibility for the security of both the Council's assets and clients' assets where Council employees may have some involvement. Any employee who suspects any irregularity should immediately inform their Chief Officer, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, then they should go through a nominated officer under the Council's Whistleblowing Procedure. The Chief Officer may, if he then considers it appropriate, conduct an independent investigation.

The Council will take legal and/or disciplinary action in all cases of fraud or irregularity where it is considered appropriate.

Initial Allegation or Suspicion

Internal Audit and the appropriate Chief Officer should be promptly informed of any allegations or suspicions of fraud or irregularity. To facilitate a speedy and appropriate response to any concerns expressed, initial information provided should, where possible, outline the following:

- The nature of the potential or actual loss to the Council, or Council's client.
- When and how the matter came to light
- Officers and /or other parties alleged to be implicated (names and designations where appropriate). Organisation structure showing the position and responsibility of the person(s) allegedly involved
- Identify those who are aware of the potential fraud/irregularity.

Care needs to be taken to ensure that officers or members who may be involved in the suspected irregularity do not become aware of the situation. Staff should not carry out their own investigation prior to notifying Internal Audit as this can affect any subsequent investigation.

Internal Audit will advise if the circumstances demand immediate action to safeguard evidence or to avoid further loss to the Authority. This may include removing documentation from the site and /or the suspension of employees.

Internal Audit will also advise on whether, and if so when, the Police should be informed. The Council has nominated contacts in the Metropolitan Police who can provide advice and, where appropriate, carry out their own investigations. Initial contact with them should be made by Internal Audit.

As a general rule the Council can carry out its own investigations regardless of any police involvement. (Note: there may be instances where it is not possible to contact Internal Audit promptly e.g. weekends or evenings. At such times, for cases of identified theft rather than suspected fraud or irregularity, it is more appropriate for the matter to be reported immediately to the local police station and a crime reference obtained. In these instances Internal Audit, line management and the Insurance Manager should be informed of the details the next working day.)

Investigation

Responsibility for carrying out independent investigations lies with Internal Audit who may involve officers from the Royal Borough of Greenwich Fraud Team with whom it works in partnership. In some cases, however, it may be more appropriate for staff in the relevant Department to carry out the investigation with Internal Audit acting in an advisory capacity. In such cases, staff undertaking the investigation will liaise with Internal Audit at intervals agreed at the point of referral, to ensure that evidential requirements continue to be met and that the Local Authority is kept fully informed at all stages. The most appropriate approach will be decided by Internal Audit following the initial contact and may be revised during the investigation.

Any investigation should be carried out promptly and thoroughly. To do this staff may need to be interviewed and documentation reviewed. All stages of the investigation should be thoroughly documented. The investigation should involve, as a minimum, the following:

- A clear understanding of the allegation/suspicion
- A review of all relevant documentation. Note that documents may need to be retained during the investigation
- Identification and interviews with all appropriate staff/individuals to determine such things as relevant procedures and practices
- Consideration of alternative explanations for the situation
- An evaluation of all the evidence
- A conclusion based on the findings

The findings of the investigation could be used during disciplinary or legal action. Consequently care needs to be taken to ensure that evidence is safeguarded and that the investigation is thorough and the conclusions reached are valid. The findings of the investigation should be treated as confidential.

During the investigation it may be necessary for individuals to be interviewed under caution. In such instances the rules laid down in the Police and Criminal Evidence Act and Criminal Justice and Public Order Act 1994 must be adhered to. Advice on this is available from Internal Audit.

There will be instances where documentation is taken away by Internal Audit or the investigating officer for safeguarding during the investigation. The originals should be removed rather than copies. These should be kept secure and a statement prepared stating how, when and who removed the documents and where they will be stored. A decision on the removal of documents needs to be made early on in the investigation to avoid the risk of removal or tampering.

The appropriate Chief Officer and Head of Audit should be kept informed of progress during the investigation. This can be done verbally and/or by preparing written progress reports. At the end of the investigation a report should be prepared for the appropriate Chief Officer and Head of Audit. This should include all the issues listed above together with any other relevant information. This should form the basis of a decision for any further action to be taken.

Action

It is for the appropriate Chief Officer to take appropriate action where there is evidence to support instances of fraud or irregularity. The Head of Audit should be kept informed of action taken and relevant outcomes. These could include referral to the police, disciplinary action and/or recovery of any amounts involved.

The Chief Officer is also responsible for ensuring that any system weaknesses identified during the investigation are addressed.

Appendix B – Raising concerns (Whistleblowing Policy)

INTRODUCTION

1. Employees are often the first to realise that there may be something wrong within the Council. Usually these concerns are easily resolved. However, when the concern feels serious because it is about a possible fraud, corruption or misuse of position that might affect others or the Council itself, it can be difficult to know what to do.
2. You may be worried about raising such a concern and may think it best to keep it to yourself, perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to colleagues, managers or to the Council. You may decide to say something but find that you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.
3. The Public Interest Disclosure Act provides workers with protection from dismissal or other damage as a result of making a disclosure of information in the public interest about wrongdoing at work. The Chief Executive, Chief Officers and Members are committed to adhering to the Public Interest Disclosure Act and to provisions contained therein. Provided you are acting honestly and reasonably believe it to be in the public interest, it does not matter if you are mistaken.
4. The Council is committed to running the organisation in the best way possible and to do so we need your help. We have introduced this policy to reassure you that it is safe and acceptable to speak up and to enable you to raise any concern you may have about malpractice at an early stage and in the right way. Rather than wait for proof, we would prefer you to raise the matter when it is still a concern.
5. This Raising Concerns Policy is intended to encourage and enable employees and members to raise serious concerns. This policy applies to all those who work for us; whether full-time or part-time, employed through an agency, contractors or as a volunteer. If you have a concern, please let us know.
6. These procedures are in addition to the Council's complaints procedures and other statutory reporting procedures applying to some departments. If, however, you wish to make a complaint about your employment or how you have been treated, please use the grievance procedure - which you can get from One Bromley or HR officer. This Raising Concerns Policy is primarily for concerns where the interests of others or of the organisation itself are at risk. These include:
 - conduct which is an offence or a breach of law
 - disclosures related to miscarriages of justice
 - health and safety risks, including risks to the public as well as other employees
 - the unauthorised use of public funds
 - possible fraud and corruption
 - sexual, physical, verbal or financial abuse of clients

If in doubt - raise it!

OUR ASSURANCES TO YOU

7. The Chief Executive, Chief Officers and Members are committed to this policy. If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of retribution as a result. We will not tolerate the

harassment or victimisation of anyone raising a genuine concern. Provided you are acting honestly and reasonably believe it to be in the public interest, it does not matter if you are mistaken or if there is an innocent explanation for your concerns. Of course we do not extend this assurance to someone who maliciously raises a matter they know is untrue.

8. With these assurances, we hope you will raise your concern openly. However, we recognise that there may be circumstances when you would prefer to speak to someone in confidence first. If this is the case, please say so at the outset. If you ask us not to disclose your identity, we will not do so without your consent unless required by law. You should understand that there may be times when we are unable to resolve a concern without revealing your identity, for example where your personal evidence is essential. In such cases, we will discuss with you whether and how the matter can best proceed.
9. Please remember that if you do not tell us who you are it will be much more difficult for us to look into the matter. We will not be able to protect your position or to give you feedback. Accordingly you should not assume we can provide the assurances we offer in the same way if you report a concern anonymously.
10. If you are unsure about raising a concern you can get independent advice from Protect- *formerly Public Concern at Work* which is an independent charity on 020 3117 2520 or by email at whistle@protect-advice.org.uk . Their lawyers can talk you through your options and help you raise a concern about malpractice at work.

HOW TO RAISE A CONCERN INTERNALLY

11. As a first step, you should normally raise concerns with your immediate manager or team leader. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice.
12. If you are unable to raise the matter with your manager, for whatever reason, please raise the matter with:

Mark Bowen

Director of Corporate Services

Bromley Civic Centre,

Stockwell Close,

Bromley, Kent.

T: 020 8313 4355

F: 020 8290 0608

mark.bowen@bromley.gov.uk

OR

David Hogan

Head of Audit

Bromley Civic Centre,

Stockwell Close,

Bromley, Kent.

T: 020 8313 4886

david.hogan@bromley.gov.uk

13. If these channels have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact

Ade Adetosoye OBE

Interim Chief Executive

Bromley Civic Centre,

Stockwell Close,

Bromley, Kent.

T: 020 8313 4652

ade.adetosoye@bromley.gov.uk

Neil Reddin -Chairman,

OR

William Huntington Thresher

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Bromley, Kent.

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T: 07850 921767

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Stockwell Close
Bromley, Kent.

BR1 3UH

T: 07733116799

william.huntington-thresher2@bromley.gov.uk

14. The concern could be raised verbally or in writing. If you want to raise the matter in confidence, please say so at the outset so that appropriate arrangements can be made.

HOW THE COUNCIL WILL RESPOND

15. Once you have told us of your concern, we will assess it and consider what action may be appropriate. This may involve an informal review, an internal inquiry or a more formal investigation. We will tell you who will be handling the matter, how you can contact them, and what further assistance we may need from you.
16. If you ask, we will write to you summarising your concern and setting out how we propose to handle it and provide a timetable for feedback. If we have misunderstood the concern or there is any information missing please let us know.
17. When you raise the concern it will be helpful to know how you think the matter might best be resolved. If you have any personal interest in the matter, we do ask that you tell us at the outset. If we think your concern falls more properly within our grievance, bullying and harassment or other relevant procedure, we will let you know.
18. Whenever possible, we will give you feedback on the outcome of any investigation. Please note, however, that we may not be able to tell you about the precise actions we take where this would infringe a duty of confidence we owe to another person.

MONITORING / OVERSIGHT

19. The Monitoring Officer (who is the Director of Corporate Services) has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

HOW THE MATTER CAN BE TAKEN FURTHER

20. While we hope this policy gives you the reassurance you need to raise such matters internally, we recognise that there may be circumstances where you can properly report matters to outside bodies, such as regulators or the police. Public Concern at Work (see paragraph 10) or your union will be able to advise you on such an option and on the circumstances in which you may be able to contact an outside body safely.

Appendix C

ANTI BRIBERY POLICY AND PROCEDURES

Objective of this policy

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

Scope of this policy

This policy applies to all of Bromley'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.

Within Bromley the responsibility to control the risk of bribery occurring resides at all levels of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.

This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, Members, volunteers and consultants.

The Bribery Act

The Bribery Act 2010 came into force on the 1st July 2011 taking a tougher stance on bribery and corruption.

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

There are four key offences under the Act:

- bribery of another person (section 1)
- accepting a bribe (section 2)
- bribing a foreign official (section 6)
- failing to prevent bribery (section 7)

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). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by a commercial organisation (and which the Council is considered to be for the purpose of the Act) 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 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both
- 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.

Policy Statement – Anti Bribery

Bribery is a criminal offence. We do 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 have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance throughout the Council.

Allegations of bribery involving Council employees will be dealt with under the Disciplinary Procedure as “gross misconduct”; employees found guilty of such gross misconduct will usually be dismissed without notice.

Bribery is not tolerated

It is unacceptable to:

- give, 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, 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.

Bromley’s commitment to action

We commit to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making all employees aware of their responsibilities to adhere strictly to this policy at all times

- Training all employees so that they can recognise and avoid the use of bribery by themselves and others (Fraud Toolkit)
- 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 appropriately
- 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) involved in bribery
- Provide information to all employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

What are “adequate procedures”?

Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six guiding principles below. These principles are not prescriptive. They are intended to be flexible and outcome focussed, allowing for the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.

The guiding principles

Proportionate procedures

Bromley’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 the organisation’s activities. They are also clear, practical, accessible, effectively implemented and enforced.

Top level commitment

The top-level management including Chief Officers and Members are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Risk Assessment

Bromley assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

Due diligence

Bromley applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

Communication (including training)

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

Monitoring and review

Bromley monitors and reviews procedures designed to prevent bribery by persons associated with it and make improvements where necessary.

Bromley is committed to proportional implementation of these principles.

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.

Public contracts and failure to prevent bribery

Under the Public Contracts Regulations 2015, mandatory exclusion applies from competing for public contracts where it is convicted of a corruption offence, including bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. Bromley has the discretion to exclude organisations convicted of this offence.

Staff responsibilities

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 control. All staff are required to avoid activity that breaches this policy.

We require that all personnel, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the organisation's resources for which they are responsible
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the organisation operates, in respect of the lawful and responsible conduct of activities

You must:

1. Ensure that you read, understand and comply with this policy
2. Raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

If you have any questions about these procedures, please contact the Head of Audit on 020 8313 4886.

Appendix D

MONEY LAUNDERING PROTOCOL

ANTI –MONEY LAUNDERING POLICY

1 INTRODUCTION

- 1.2 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.
- 1.3 A key difference is that relevant persons are obliged to adopt a more risk-based approach towards anti-money laundering, in particular in how they conduct due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017.

2 SCOPE OF THE POLICY

- 2.2 This Policy applies to all employees and elected members of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.
- 2.3 The Policy sits alongside the Council's Whistleblowing Policy and Anti-Fraud and Corruption Strategy.
- 2.4 Failure to comply with the procedures set out in this Policy may lead to further action being taken, including disciplinary action.

3 WHAT IS MONEY LAUNDERING?

- 3.2 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);
- 3.3 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.
- 3.4 Potentially any person 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.

3.5 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. ***The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).***

4.1 WHAT ARE THE OBLIGATIONS ON THE COUNCIL?

4.2 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accountancy (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

4.3 The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is “relevant” for the purposes of the legislation. It is mainly accountancy and financial, company and property transactions undertaken by Legal Services. However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in the policy.

4.4 The obligations on the Council are to establish and maintain appropriate and risk-sensitive policies and procedures. Organisations must:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.
- Conduct a money laundering and terrorist financing risk assessment and adopt appropriate internal controls.

5.1 THE MONEY LAUNDERING REPORTING OFFICER

5.2 The officer nominated to receive disclosures about money laundering activity within the Council is the Head of Audit who can be contacted as follows:

David Hogan,
London Borough of Bromley
Room S214, 2nd Floor,
Stockwell Block, Civic Centre,
Stockwell Close
Bromley
BR1 3UH

Email: david.hogan@bromley.gov.uk

5.3 In the absence of the Head of Audit, Barrie Cull, Principal Auditor is authorised to deputise.

6.1 DISCLOSURE PROCEDURE

Cash Payments

- 6.2 No payment to the Council will be accepted in cash (including notes, coins or travellers cheques in any currency) if it exceeds £5,000.

Reporting to the Money Laundering Reporting Officer (MLRO)

- 6.3 Any employee who suspects money laundering activity is taking place, or an employee who becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, must disclose this promptly to the MLRO.
- 6.4 The disclosure should be made to the MLRO or deputy using the proforma report attached at Appendix 1. The report must include as much detail as possible.
- 6.5 The employee must follow any subsequent directions from the MLRO or deputy and must not make any further enquiries themselves into the matter. Additionally, they must not take any further steps in the transaction without authorisation from the MLRO or deputy.
- 6.6 The employee must not disclose or otherwise indicate their suspicions to the person(s) suspected of money laundering. They must not discuss the matter with others or note on a file that a report has been made to the MLRO in case this results in the suspect becoming aware of the suspicion.

Consideration of the disclosure by the Money Laundering Reporting Officer

- 6.7 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency ("NCA") <http://www.nationalcrimeagency.gov.uk/>.
- 6.8 The MLRO or deputy must, if they so determine, promptly report the matter to the NCA through the NCA website. Alternatively a SAR can be made via the SAR Online System: <https://www.ukciu.gov.uk/saronline.aspx> NCA can be contacted 24 hours a day on 0370 496 7622.
- 6.9 All disclosure reports referred to the MLRO or deputy and reports made to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 6.10 The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

Customer Due Diligence

- 6.11 Where the Council is carrying out certain regulated business (accountancy, audit and tax services and legal services re financial, company or property transactions) and as part of this

- a) forms an ongoing business relationship with a client
- b) undertakes a one off or occasional transaction amounting to €15,000 or more whether carried out as a single transaction or several linked ones
- c) suspects money laundering or terrorist financing;

then the Customer Due Diligence Procedure must be followed before any business is undertaken for that client.

6.12 Customer due diligence means:

d) Identifying the customer and verifying the customer's identity on the basis of information obtained from a reliable and independent source e.g. conducting a search at Companies House.

e) Obtaining information on the purpose and intended nature of the business relationship.

6.13 The Regulations regarding customer due diligence are detailed but the following questions help determine whether it is necessary:

- Is the service a regulated activity?
- Is the Council charging for the service?
- Is the service being provided to a customer other than another UK public authority?
- If the answer to any of these questions is **no then there is no need to carry out customer due diligence.**

6.14 If the answer to all these questions is yes then customer due diligence needs to be carried out prior to conducting business for that client.

6.15 Where the "relevant business" is being provided to another UK public sector body then written, signed instructions on the body's headed paper should be obtained prior to the transaction being completed.

6.16 The requirement for customer due diligence applies immediately for new customers and should be considered on a risk sensitive basis for existing customers. Customer due diligence means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported; clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity

6.17 The 2017 Regulations require that the Council identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust. Finally the Council must obtain information on the purpose and intended nature of the business relationship. The MLR 2017 introduces the need for the Council to consider both customer and geographical risk factors in deciding what due diligence is appropriate.

6.18 The checks described in the paragraph above must generally be undertaken by the Council before it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Council is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.

6.19 The Council is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with

the Council's knowledge of the customer and keep the information about the customer up-to-date.

Enhanced Customer Due Diligence and Ongoing Monitoring

6.20 It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:

- The customer has not been physically present for identification purposes; or
- In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.

Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.

6.21 Similarly, where the Council is in an ongoing "business relationship" with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must: scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council's knowledge of the customer, his/her business and risk profile; and keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date.

7.1 RECORD KEEPING

7.2 Where the "relevant business" is carried out then the customer due diligence identification evidence and the details of the relevant transaction(s) for that client must be retained for at least five years.

7.3 The precise nature of these records is not set down in law but should be capable of providing an audit trail during any subsequent investigation.

8.1 RISK MANAGEMENT AND INTERNAL CONTROL

8.2 The risk to the Council of contravening the anti money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness of the Anti Money Laundering Policy will be reviewed in light of such assessments.

9.1 FURTHER INFORMATION

9.2 Further information can be obtained from the MLRO and the following sources:

- Website of NCA – <http://www.nationalcrimeagency.gov.uk/>
- Proceeds of Crime (Anti Money Laundering) – Practical Guidance for Public Service Organisations – CIPFA
- Anti Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants – CCAB – www.ccab.org.uk
- Money Laundering Guidance at www.lawsociety.org.uk

CONFIDENTIAL Report to Money Laundering Reporting Officer

Re: Suspected money laundering activity

To: Money Laundering Reporting Officer, (Head of Audit) London Borough of Bromley

From:
[insert name of employee]

Directorate:
[insert post title and Business Unit]

Ext/TelNo:.....

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, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:

[Please continue on a separate sheet if necessary]

Signed:.....

Dated:.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.