

**BABERGH DISTRICT COUNCIL and MIDSUFFOLK DISTRICT COUNCIL**

<b>From: Head of Corporate Organisation</b>	<b>Report Number: JAC45</b>
<b>To: Joint Audit and Standards Committee</b>	<b>Date of meeting: 19 January 2015</b>

**PREVENTION OF FINANCIAL CRIME POLICY**

**1. Purpose of Report**

- 1.1 To review and bring together our existing anti-fraud and corruption documents in to one document for the purpose of producing a more succinct, easier to reference and better imparts the messages of financial prudence and probity than previously experienced.

**2. Recommendations**

- 2.1 That the combined revised Prevention of Financial Crime Policy (previously called the Anti-Fraud and Corruption and Whistleblowing Policy) attached as Appendix A be approved.

The Committee is able to resolve this matter.

**3. Financial Implications**

- 3.1 No direct implications as a result of this report.

**4. Risk Management**

- 4.1 The key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If robust anti-fraud and corruption arrangements are not in place this could affect the achievement of the Councils' strategic aims and priorities, key projects, the delivery of services and its reputation.	Unlikely	Bad	The risk of fraud and corruption in relation to each Council's activities is taken into consideration both as part of each Council's approach to risk management and also in the development of the annual Internal Audit Plan. In practice, each Council's mitigating controls include clear policies and procedures available to all staff and Members; Internal Audit who investigate potential areas of fraud and corruption; the bi-annual participation in the National Fraud Initiative; and a sound internal control environment – as demonstrated by internal and external audit opinions and the Annual Governance Statement.

## 5. Consultations

5.1 The revised document has been discussed with senior management including the Statutory Officers.

## 6. Equality Analysis

6.1 There are no equality implications

## 7. Shared Service / Partnership Implications

7.1 Staff are working towards aligning relevant policies and procedures to provide a clear corporate framework to counter fraudulent and corrupt activity.

## 8. Key Information

8.1 Internal Audit have begun a review of appropriate Policies, ensuring that these are in line with current regulations, peer behaviour and adopt the best practice from both Council's existing documents.

8.2 By bringing a variety of our existing fraud and bribery policies together in one document it has been possible to reduce the volume by removing duplications of reference, roles and responsibilities, and of actions.

8.3 The outcome is a document that is more succinct, easier to reference and better imparts the messages of financial prudence and probity than previously experienced.

8.4 The covering title 'Financial Crime' has been adopted in line with the UK Financial Conduct Authority guidelines and the Proceeds of Crime Act 2002. Key elements of Financial Crime particularly appropriate to Local Authorities have then been given greater focus with specific policies within the main document.

8.5 The document will be placed on the Council's Intranet. Hyperlinks are incorporated to assist in navigation through the document when used electronically.

8.6 This revised policy provides one point of reference on all (often previously blurred) aspects of financial crime that may be encountered in our normal working life, and clarifies the processes required to identify, report and process events.

8.7 Members' attention is drawn to page 32 which outlines the key roles and responsibilities of Members, staff and the public, partners, suppliers, contractors and consultants (pages 34 & 35) in this context.

## 9. Appendices

Title	Location
A – Prevention of Financial Crime Policy	Attached

## 10. Background Documents

10.1 None.

John Snell  
Corporate Manager – Internal Audit

01473 825768 / 01449 724567  
john.snell@babergh.gov.uk

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## Appendix A

### PREVENTION OF FINANCIAL CRIME POLICY

#### **This policy provides measures to:**

- monitor, detect and prevent financial crime within the Councils
- help put in place systems and controls which mitigate financial crime risk effectively and
- enable the reporting of any suspicion of financial crime or related issues (using the Councils' Whistleblowing procedure).

#### **Supporting documents**

Due to the variety of activities that can take place under the heading of financial crime the Councils have produced separate sections to support this policy, which include:

- Anti-Fraud and Corruption Policy
- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy (reporting suspicions)
- Financial Crime Response Plan
- Prevention of Financial Crime – roles and responsibilities

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## **#1 PREVENTION OF FINANCIAL CRIME POLICY**

### **1. INTRODUCTION**

Financial Crime, in the Proceeds of Crime Act 2002, covers any kind of criminal conduct relating to money or to financial services or markets, including any offence involving:

- (a) fraud or dishonesty; or
- (b) misconduct in, or misuse of information relating to, a financial market; or
- (c) handling the proceeds of crime; or
- (d) the financing of terrorism

This was originally aimed at professionals in the financial and investment sectors. However, it was subsequently recognised that those involved in criminal conduct were able to 'clean' the proceeds of crime through a wider range of business and professional activities – including council activities.

This policy provides measures to monitor, detect and prevent financial crime within the Councils and to help put in place systems and controls which mitigate financial crime risk effectively.

To report any suspicion you have of any financial crime or related issues you can follow the Councils' whistleblowing procedure.

### **2. AREAS OF FINANCIAL CRIME**

The areas where we particularly look for risks of financial crime are in relation to fraud, corruption, theft, bribery, and money laundering.

**Fraud** – 'the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation (misuse) of assets or otherwise for gain'.

**Corruption** – 'the offering, giving, soliciting, or acceptance of an inducement or reward which may influence any person to act inappropriately'.

**Theft** – 'appropriating property belonging to another with the intention of permanently depriving the other of it'.

**Bribery** – 'the offering of money or other incentives to persuade somebody to do something dishonest or illegal'.

**Money laundering** – 'an activity which falls within the Proceeds of Crime Act 2002, whereby criminally obtained money or other assets are exchanged for clean money or assets with no link to their origins'.

**Whistleblowing** – 'when a person reports suspected wrongdoing at work. Officially this is called 'making a disclosure in the public interest''



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### 3. HOW WE AIM TO PREVENT FINANCIAL CRIME

#### 3.1 Culture

The Councils firmly endorse a culture of integrity and honesty and take a robust approach to any signs of financial crime.

The Councils' approach is to proactively and effectively manage the risk of financial crime and to minimise losses incurred by:

- Maintaining fully integrated **policies**;
- Promoting a **culture** of honesty and propriety;
- **Deterring** the risk of occurrence of financial crime ;
- **Preventing** risks that cannot be deterred;
- **Detecting** risks that cannot be prevented;
- Professionally **investigating** financial crime detected;
- Applying **sanctions** against people who commit financial crime;
- Seeking **redress** for assets defrauded;
- **Communicating** with members, contractors, the public and partners making them aware of the policies and how to raise concerns;
- Providing **training and guidance** to all employees and members.

Appropriate policies and procedures are maintained to ensure that internal controls are built into the Councils' systems and processes to prevent or detect financial crime.

There is an expectation and requirement that all contractors, suppliers, individuals and organisations associated in whatever way with the Councils will act with integrity and that Council staff and Members will lead by example.

Members and officers should demonstrate the highest standards of openness, propriety and integrity and lead by example by adhering to legally sound and honest procedures and practices.

The prevention and detection of fraud or corruption, and the protection of the public purse, are everyone's responsibility, both internal and external to the organisation.

The Councils have established a Standards Committee (part of the Joint Audit and Standards Committee) which is responsible for promoting and maintaining high standards of conduct by Members and co-opted Members.

#### 3.2 Communication

The Council's Communications Team will optimise the publicity opportunities associated with financial crime activity within the Councils and will try to ensure that the results of any action taken, including prosecutions, are reported in the press.



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Where the Council has suffered a financial loss as a result of financial crime, in all cases the Council will seek to recover the loss and advertise this fact, whether involving an officer or a Member.

All financial crime activities, including this Policy, will be made publicly available to make all staff and the public aware of the Council's commitment to taking action against financial crime, should it occur.

### **3.3 Working with others**

The Councils will continue to encourage the exchange of information with other organisations, in compliance with the *Data Protection Act 1998*, in respect of financial crime activities. These bodies can include:

- The Police;
- The Audit Commission and the External Auditors;
- Chartered Institute of Public Finance and Accountancy (CIPFA);
- Financial Conduct Authority (FCA);
- Department of Works and Pensions (DWP);
- National Anti-Fraud Network;
- Association of Local Authority Treasurers;
- Society of District Council Treasurers;
- Suffolk Treasurers Group;
- Suffolk Chief Internal Auditors Group; and
- Other Local Authorities.

This collaboration provides a base for combating potential criminal activity of a fraudulent nature against this and other public sector organisations.

With regard to the NFI exercise and data matching techniques generally, the Councils have adopted the Audit Commission's Code of Data Matching Practice. All staff on the Councils' payroll have been advised of data matching exercises and their rights under Data Protection legislation. In addition, data matching 'warnings' are included on such stationery as Benefit Claim forms, etc.



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## **#2 ANTI-FRAUD & CORRUPTION POLICY**

### **1. INTRODUCTION**

This policy forms part of each Councils' approach to the [Prevention of Financial Crime](#) and should be read in conjunction with the whole Policy and supporting material.

This policy is designed to cover risks associated with fraud, theft and corruption.

### **2. WHAT IS CLASSED AS FRAUD**

2.1 These terms are defined below:

**Fraud** – 'the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation (misuse) of assets or otherwise for gain'.

**Theft** – 'appropriating property belonging to another with the intention of permanently depriving the other of it'.

**Corruption** – 'the offering, giving, soliciting, or acceptance of an inducement or reward which may influence any person to act inappropriately'.

**Bribery** – 'the offering of money or other incentives to persuade somebody to do something dishonest or illegal' is also Fraud but is covered in more detail in our [Anti-Bribery Policy](#)

### **3. CULTURE OF DETERRENCE AND PREVENTION**

The Councils recognise that the success of the Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of training and awareness, and the responsiveness of staff and Members throughout both organisations.

#### **3.1 Deterrence**

As stated above the best deterrent is a clear framework of procedures and responsibilities, which make fraud and corruption hard to perpetrate and will be likely to disclose fraud and corruption at the earliest opportunity.

All successful prosecutions of fraud and corruption will be publicised, which should give a strong warning to any person contemplating acting dishonestly against the best interests of the Councils.

All anti-fraud and corruption activities, including this Policy, will be made publicly available to make staff, Members and the public aware of both Councils' commitment to taking action on fraud and corruption, should it occur.





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### 3.2 Prevention

The Councils recognise that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. In this regard, temporary and contract staff should be treated in the same manner as permanent staff.

The recruitment of employees should be in accordance with the Councils' joint procedures and in particular the requirement to obtain written references regarding, amongst other things, the known honesty and integrity of potential staff before employment offers are confirmed.

Staff are expected to abide by any Code of Conduct issued by their professional institute or organisation and also the Councils' Codes of Conduct.

The Councils support the provision of appropriate induction and refresher training for staff and Members and in particular, those involved in internal systems to ensure that their responsibilities and duties in the prevention, detection and investigation of fraud and corruption are regularly highlighted and reinforced.

Members are encouraged to attend training on issues arising from this policy as appropriate.

Ongoing support, advice and guidance, for example on best practice development in preventing fraud and corruption, will be provided by Internal Audit.

The Councils will undertake and support campaigns against fraud and corruption and issue appropriate publicity in this respect.

The Head of Corporate Resources as the responsible finance officer has a statutory responsibility under Regulation 4 of the Accounts and Audit Regulations 1996 and Section 151 of the Local Government Act 1972 to ensure the proper arrangements of both Councils' financial affairs. Procedure notes have been developed which outline the system, procedures and responsibilities of staff in relation to the Councils' financial activities. There is also a requirement to maintain an adequate and effective system of Internal Audit.

The Councils have developed and will continue to operate and update systems and procedures, which incorporate efficient and effective internal controls. This includes adequate separation of duties to ensure that error or impropriety is prevented. Heads of Service and Corporate Managers are required to ensure that such controls, including those relating to IT systems are properly maintained and documented. The existence and appropriateness of the internal controls is independently monitored by the Internal Audit Team and by External Audit.

Employees who fail to comply with this policy and or wilfully or negligently ignore such training and guidance will face disciplinary action.



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## 4. DETECTION, REPORTING SUSPICION AND INVESTIGATION

### 4.1 Detection

It is the responsibility of the Integrated Management Team (IMT) to promote the prevention and detection of fraud and corruption. However, it is often the alertness of other staff and the public that enables detection and appropriate action when there is evidence that fraud or corruption may have been committed, or is in progress.

The array of preventative systems, particularly internal control systems within both Councils, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.

Despite the best efforts of managers and auditors, some frauds are discovered by chance or 'tip off' and the Councils have arrangements in place to enable such information to be dealt with properly.

### 4.2 Reporting suspicions

Staff are required by the Councils' Financial Regulations and this policy to report all suspected irregularities through the channels referred to within the **Whistleblowing Policy** and the **Financial Crime Fraud Response Plan** – refer to sections 5 and 6 respectively.

Members of the public are encouraged to report genuine concerns through the formal complaints procedures or they can go to the Local Government Ombudsman or the Standards Board for England.

### 4.3 Investigation

The mechanisms of investigation are covered in detail in the Councils' **Financial Crime Response Plan**.

However, depending on the nature and anticipated extent of the allegation, the Internal Audit Team will work closely with management and other agencies such as the Police to ensure that all allegations are properly investigated and reported upon.

The External Auditor also has powers to independently investigate fraud and corruption and the Councils may use their services for this purpose.

## 5. ACTION TAKEN ON FRAUD

### 5.1 Prosecution

The Councils will treat any malpractice very seriously and will deal swiftly and firmly with those who are involved in fraudulent or corrupt acts.

Where it is found that irregularity has occurred, or is occurring, the appropriate senior officer will decide on the course of action to be taken. The Councils' presumption is that, in normal



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circumstances, the Police will be involved. The Crown Prosecution Service determines whether a prosecution will be pursued.

The Councils have adopted the principle of considering prosecution in all appropriate circumstances and this encompasses the public, elected Members and staff. It is designed to clarify and ensure consistency in the Councils' action in specific cases and to deter others from committing offences against the Councils.

### 5.2 Disciplinary Action

The disciplinary procedures clearly set out the action that will be taken against staff who are involved in fraud and/or corruption. These disciplinary procedures will be used where the outcome of any investigation indicates improper behaviour whether or not it has been referred to the Police.

Members will face appropriate action under this Policy if they are found to have been involved in theft, fraud or corruption against the Councils. If the matter is a breach of the Members' Code of Conduct then it will also be referred to the National Standards Board. The relevant Group Leader will also be informed.

In all cases, disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case. Disciplinary action, whether involving a member of staff or a Member, will be conducted in line with the Councils' disciplinary policy maintained by the Human Resources service.

### 5.3 Sanctions & Redress

Wherever possible the following actions will be taken where investigation supports suspicions of fraudulent or corrupt activity:

- Appropriate disciplinary action will be taken in accordance with the Disciplinary Policy;
- Criminal proceedings will be brought if appropriate;
- Civil proceedings will be brought to recover lost assets whenever appropriate.

Other forms of redress to cover losses, such as making a claim against insurance cover, or preventing further fraudulent activity by the perpetrator, such as notifying their professional body, will also be used wherever appropriate.

Sanctions applied in relation to cases of Housing and Council Tax Benefit fraud will be applied in accordance with the Prosecution Policy. Options include formal cautions, administrative penalties and prosecution.

Any systems failures found as a result of a fraud investigation will be reported to the appropriate manager and action agreed to prevent reoccurrence.



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## 6. WORKING WITH OTHERS

Arrangements are in place and continue to develop to encourage the exchange of information between the Councils and other agencies on national and local fraud and corruption activity. Those involved in such arrangements include:

- Police;
- Audit Commission (NFI exercise);
- Professional bodies – including the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Institute of Revenues Rating & Valuation (IRRV);
- Central government including the Department of Work and Pensions and HM Revenues and Customs;
- Ombudsman Office;
- Home Office;
- Association of Council Secretaries and Solicitors;
- Suffolk Chief Financial Employees Association (SCFOA);
- Suffolk Working Audit Partnership;
- National Anti-Fraud Network;
- National Fraud Authority;
- External Audit.

These arrangements provide a valuable means of combating potential fraud. On a national scale such collaboration has been successful in identifying and reducing the risk of external fraud, particularly in the area of Housing Benefits through computer data matching techniques.



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### **#3 ANTI-BRIBERY POLICY**

This policy forms part of the Councils' approach to the [Prevention of Financial Crime](#) and should be read in conjunction with the whole Policy and supporting material.

#### **1. INTRODUCTION**

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 aim to maintain anti-bribery compliance "business as usual", rather than as a one-off exercise.

#### **2. PURPOSE**

The purpose of this policy is to ensure that all staff and Members are aware of:

- What bribery is;
- The legislative changes;
- Their responsibilities;
- The consequences of non-compliance with this policy.

#### **3. WHAT IS CLASSED AS BRIBERY**

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

#### **4. THE BRIBERY ACT 2010**

There are four key offences under the Act:

- Bribery of another person;
- Accepting a bribe;
- Bribing a foreign official;
- Failing to prevent bribery

The Bribery Act 2010 makes it an offence to offer, promise or give a bribe. It also makes it an offence to request, agree to receive, or accept a bribe. There is also a separate offence of bribing a foreign official with the intention of obtaining or retaining business or an advantage in the conduct of business.

The Act also states that it is a corporate offence to fail to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business. This is what is known as a 'strict liability' offence. This means that there is no need to prove negligence or management complicity. 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.



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## **5. OUR RESPONSIBILITIES**

All staff, Members and associated persons must:

- ensure that they read, understand and comply with this policy;
- raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

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

### **5.1 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.

### **5.2 Facilitation payments**

Facilitation payments (minor amounts paid to public officials to expedite routine business activities) are not tolerated and are illegal.

### **5.3 Gifts and hospitality**

The Councils' policy regarding the requirements for gifts and hospitality is set out within the Code of Conduct Policy for Members and Employees. Hospitality is not prohibited by the Act.

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

Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. Local Authority have the discretion to exclude organisations convicted of this offence.



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## 6. CONSEQUENCES OF NON-COMPLIANCE

An individual guilty of a bribery offence may be 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 10 years, or to an unlimited fine, or both.

The Council/s, if convicted, could be liable to the same level of fines and, if guilty, is liable to an unlimited fine.

## 7. REPORTING BRIBERY

Please report any suspicions of bribery through the Councils' [Whistleblowing Policy](#).

We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved.

If you have any questions about these procedures, please contact John Snell (Corporate Manager, Internal Audit – tele no. 01473 825768 or 01449 724567).



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## **#4 ANTI-MONEY LAUNDERING POLICY**

This policy forms part of each Councils' approach to the [Prevention of Financial Crime](#) and should be read in conjunction with the whole Policy and supporting material.

### **1. INTRODUCTION**

Historically, legislation (the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007) seeking to prevent the laundering of the proceeds of criminal activity was aimed at professionals in the financial and investment sectors. However, it was subsequently recognised that those involved in criminal conduct were able to 'clean' the proceeds of crime through a wider range of business and professional activities – including council activities.

### **2. PURPOSE**

The purpose of this policy is to ensure that all staff and Members are aware of:

- What money laundering is;
- The legislative changes;
- Their responsibilities;
- How to deal with suspected money laundering cases;
- The consequences of non-compliance with this policy.

### **3. WHAT MONEY LAUNDERING IS AND POSSIBLE SIGNS OF MONEY LAUNDERING ACTIVITY**

Money laundering is the term used for various offences involving the process by which criminally obtained money or other assets are exchanged for clean money or assets with no obvious link to their criminal origins. It also covers money, however come by, which is used to fund terrorism.

The four main offences are concealing, arranging, acquisition/use/possession, and tipping off.

Organisations in the 'regulated sector' and which undertake particular types of regulated activity 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;
- apply customer due diligence measures in certain circumstances;
- obtain information on the purpose and nature of certain proposed transactions / business relationships;
- conduct ongoing monitoring of certain business relationships;
- maintain record keeping and other specified procedures on a risk sensitive basis;
- train relevant staff.

It is impossible to give a definitive list of ways in which to spot money laundering; however, one or more of the following may suggest money laundering activity (not an exhaustive list):





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### General

- A secretive client e.g. refuses to provide requested information without a reasonable explanation;
- Concerns about honesty, integrity, identity or location of a client;
- Illogical third party transactions e.g. unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash;
- Overpayments by a client;
- Absence of an obvious legitimate source of the funds;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- The cancellation or reversal of an earlier transaction;
- Requests for release of client account details other than in the normal course of business;
- Poor business records or internal accounting controls;
- A previous transaction for the same client, which has been, or should have been and was not, reported to the Money Laundering Reporting Officer;
- Complaints about a customer that raise suspicions of criminal activity / money laundering; and
- Items in a customer's home that raise suspicions / seem out of the norm (e.g. several new boxed televisions).

### Property Matters

- A cash buyer;
- A sudden change of buyer;
- Unusual property investment transactions if there is no apparent investment purpose or rationale;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Funds received for deposits, or prior to completion from an unexpected source or where instructions were given for settlement funds to be paid to an unexpected destination;
- No clear explanation as to the source of funds along with lack of clarity as to how the client would be in a position to finance the purchase; and
- Money comes from an unexpected source.

In the case of MSDC/BDC, some areas likely to be at risk of encountering money laundering may be (not an exhaustive list):

- Right to Buy (e.g. tenant able to pay for the purchase of their house in cash);
- Housing Rents, Council Tax, Non-Domestic Rates (e.g. customer able to pay large sums that are either in arrears, or in advance, in cash); and
- Land Purchase (e.g. an individual is able to purchase land from the Council in cash).
- Sundry Debtors (e.g. an individual is able to clear their account with large amounts of cash)



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#### **4. CLIENT IDENTIFICATION**

**All cash transactions over £10,000 must be reported to the Councils' Money Laundering Reporting Officer (Corporate Manager, Internal Audit. John Snell). Cash includes notes, coins and travellers cheques.**

Where the Council is carrying out regulated business such as the provision to other persons of accountancy, audit and tax services and the participation in financial or real property transactions and a cash transaction is complex or unusually large (more than £10,000), or the transaction is considered suspicious, staff must carry out a 'Customer due diligence test'. Satisfactory evidence must be obtained of the identity of the prospective client and full details of the purpose and intended nature of the relationship or transaction as soon as practicable after instruction has been received.

For private individuals, evidence should include one of the following:

- valid Passport,
- valid Photo Card Driving Licence,
- National Identity Card,
- Firearms certificate.

This must be supported by secondary evidence such as:

- Utility Bill
- Bank, building society or credit union statement
- Most recent mortgage statement from a recognised lender

For business clients evidence should be obtained that is relevant to the business and confirms the identity of the business such as their company registration number and registered address. Investigations should take place that are appropriate to ensure that the business's identification is legitimate.

Staff conducting regulated business need to be able to demonstrate that they know their clients and the rationale behind particular instructions and transactions.

#### **5. THE MONEY LAUNDERING REPORTING OFFICER**

The officer nominated to receive internal suspicious transaction reports (known as disclosures) about possible money laundering activities within the Council/s is the Corporate Manager, Internal Audit (John Snell), i.e. The Money Laundering Reporting Officer (MLRO). The Deputy MLRO is the Audit & Risk Management Officer, Lead for Internal Audit.

The role of the MLRO is to decide upon the receipt if the internal suspicious transaction reports should be reported to the National Crime Agency (NCA) and if appropriate make such reports to the NCA using their procedures. The NCA replaced the Serious Organised Crime Agency (SOCA) in 2013.

The Legal Section can also assist and provide advice as required.



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## 6. DISCLOSURE PROCEDURE

Any employee who knows, suspects, or has reasonable grounds for knowing or suspecting that a person is engaged in money laundering or terrorist financing must report such matters to the MLRO. The disclosure should be within “hours” of the information coming to the employee’s attention. **Should the employee not do so, then he/she may be liable to prosecution.**

An employee’s disclosure should be made on the form attached. The form must include as much detail as possible.

Once an employee has reported the matter to the MLRO he/she must follow any directions given. **An employee must NOT make any further enquiries into the matter themselves:** Any necessary investigation will be undertaken by the NCA.

Upon receipt of a disclosure report, the MLRO must note the date of receipt on his/her section of the report and acknowledge receipt of it. He should also advise the employee of the timescale within which he expects to respond to the employee.

The MLRO will consider the report and any other available internal information he/she thinks relevant e.g.

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held; and undertake such other reasonable inquiries he/she thinks appropriate in order to ensure that all available information is taken into account in deciding whether to report to the NCA.

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

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

Where the MLRO does conclude potential money laundering, then he must disclose the matter as soon as practicable to the NCA.

Where the MLRO suspects money laundering but has reasonable cause for non-disclosure, then he/she must note the report accordingly (the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the NCA), he can then immediately give his consent for any ongoing or imminent transactions to proceed.

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

Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given



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consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

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

**The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the NCA.**

**At no time and under no circumstances should an employee voice any suspicions to the person(s) whom they suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, otherwise the employee may commit a criminal offence of “tipping off”.** Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

## **7.0 MONEY LAUNDERING OFFENCES**

The consequences of committing an offence are potentially very serious. Whilst it is considered most unlikely that staff or Members would commit any of the four main offences, failing to reveal a suspicion of a case of money laundering is a serious offence in itself.

Money laundering offences can be tried at a Magistrates court or in the Crown Court, depending on the severity of the suspected offence. If someone is found guilty in a Magistrates court, s/he can be fined, face a prison sentence, or both. In a Crown Court, fines are unlimited and prison sentences range from two to fourteen years.

The main money laundering offences are:

Concealing – where someone knows or suspects a case of money laundering, but conceals or disguises its existence.

Arranging – where someone involves himself or herself in an arrangement to assist in money laundering.

Acquisition /use/possession – where someone tries to benefit from money laundering by acquiring, using or possessing the item concerned.

Tipping Off – where someone warns a person who is, or is suspected of being, involved in money laundering in such a way as to reduce the chance that s/he will be investigated or to prejudice an investigation.

So, if you have any suspicions complete the attached form and report it to the MLRO without discussing it with anyone else.



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## **8. RECORD KEEPING / DOCUMENT RETENTION**

Where the Council is carrying out regulated business, each section of the Council must monitor on an ongoing basis, their business relationships in terms of scrutinising transactions. Records must be maintained of:

- client identification/ verification evidence obtained (or references to it);
- details of all relevant business transactions carried out for clients for at least 5 years from the completion of the transaction (audit trail) This is so that they may be used as evidence in any subsequent investigation.



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**Disclosure Form**

**Report to Anti-Money Laundering Reporting Officer  
(Corporate Manager – Internal Audit)**

**1. Details of Employee making disclosure:**

Name:.....

Department:.....

Contact Details:.....

**2. Details of Suspected Offence:**

2.1 Identities of the persons/s subject to the enquiry:

Name/s:.....

Date/s of Birth:.....

Address/es:.....

Contact Details:.....

Company Name/s (if applicable):.....

2.2 Nature and details of activity:

*(Please include full details e.g. completion date or court deadline, the dates of suspicious activities, including if the transactions have happened, are ongoing or are imminent. Where they took/are taking place, how they were/are being undertaken, the likely amount of money/assets involved. Continue on a separate sheet if necessary.)*



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2.3 Nature of suspicions regarding activity:

*(Why is the person suspicious? The NCA require full reasons, together with any other available info to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering. Please continue on a separate sheet if necessary)*

2.4 To your knowledge, has any investigation regarding this matter already been undertaken either by this council or anyone else? YES / NO

If yes please include details below:

*(Please continue on a separate sheet if necessary)*

2.5 Have you discussed your suspicions with anyone else? YES / NO

If yes please specify below with whom, explaining reasons for the discussion and the outcome of the discussion:

*(Please continue on a separate sheet if necessary)*

2.6 Have you consulted any supervisory body for guidance (e.g. the Law Society)? YES / NO

If yes please provide details below:

*(Please continue on a separate sheet if necessary)*



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2.7 Do you feel you have a good reason for not disclosing the matter to the NCA (e.g. you are a lawyer and wish to claim legal professional privilege)? YES / NO

If yes please set out below full details of why you have not disclosed this matter to the NCA:

*(Please continue on a separate sheet if necessary)*

2.8 Please set out below any information that you feel is relevant:

*(Please continue on a separate sheet if necessary)*

Signed:.....

Print Name:.....

Date:.....

**Once completed please give this form to the MLRO (Corporate Manager – Internal Audit). Do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity. To do so may constitute a tipping off offence which carried an imprisonment penalty.**





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**TO BE COMPLETED BY THE MLRO**

Name of MLRO dealing with this case:.....

Date report received:.....

Date receipt of report acknowledged:.....

**Consideration of disclosure:**

**Action Plan:**

**Outcome of consideration of disclosure:**

*Are there reasonable grounds for suspecting money laundering activity? Do you know the identity of the alleged money launderer and the whereabouts of the property concerned (if applicable)?*

If there are reasonable grounds for suspicion, will a report be made to NCA? YES / NO

If yes, please confirm date of report to NCA:..... and complete box below:



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**Details of liaison with NCA regarding this report:**

**Notice Period:** ..... **To**.....

**Moratorium Period:** ..... **To**.....

**Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?** **YES / NO**

**If yes, please confirm full details in the box below:**

**Date consent received from NCA:**.....

**Date consent given to you by employee:**.....



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## **#5 WHISTLEBLOWING POLICY (Reporting suspicions)**

This policy forms part of the Councils' approach to the [Prevention of Financial Crime](#) and should be read in conjunction with the whole Policy and supporting material.

### **1. What is Whistleblowing?**

Whistleblowing encourages and enables staff to raise serious concerns **within** the Council(s) rather than overlooking a problem or 'blowing the whistle' outside.

Staff are often the first to realise that there is something seriously wrong within the Council. However, they may not express their concerns as they feel that speaking up would be disloyal to their colleagues or to the Council.

### **2. Our Commitment**

The Councils are committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect staff, and others that we deal with, who have serious concerns about any aspect of the Councils' work to come forward and voice those concerns.

### **3. Who does the Policy apply to?**

The policy applies to all staff, (including those designated as casual hours, temporary, agency, authorised volunteers or work experience), and those contractors working for the Councils on Council Premises, for example, agency staff, builders. It also covers suppliers and those providing services under a contract with the Council in their own premises. The policy also covers Members.

### **4. The Aims of the Policy**

To encourage you to feel confident in raising concerns and to question and act upon concerns about practice.

To provide avenues for you to raise concerns in confidence and receive feedback on any action taken.

To ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied.

To reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure which is in the public interest.

### **5. What Types of Concern are Covered?**

- Conduct which is an offence or a breach of law.
- Failure to comply with a legal obligation.
- Disclosures related to miscarriages of justice.
- Health and safety risks, including risks to the public as well as other employees.
- Damage to the environment.
- The unauthorised use of public funds.
- Possible fraud and corruption.
- Sexual, physical or other abuse of clients.



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Other unethical conduct.

Actions which are unprofessional, inappropriate or conflict with a general understanding of what is rights and wrong.

NB. Other procedures are available to employees e.g. the Grievance procedure which relates to complaints about your own employment. This policy also does not replace other corporate complaints procedures which are for public use.

## **6. Safeguards and Victimisation**

Both Councils recognise that the decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you provide a service.

The Councils will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern which is in the public interest.

## **7. Confidentiality**

All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness.

This policy encourages you however to put your name to your concern whenever possible. Please note that:

- Staff must believe the disclosure of information is in the public interest.
- Staff must believe it to be substantially true.
- Staff must **not** act maliciously or make false allegations.
- Staff must **not** seek any personal gain.

## **8. How to Raise a Concern**

Where the whistleblower has concerns about malpractice and it is not appropriate to raise them through other procedures, such as grievance procedures, the whistleblower should raise them with an appropriate person.

Who the whistleblower raises concerns with will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if the whistleblower believes that a manager is involved, the whistleblower should approach one of the following officers:

- Corporate Manager – Internal Audit;
- Corporate Manager – Organisational Development;
- Head of Corporate Resources; or
- Corporate Manager – Legal and Monitoring Officer.

Concerns may be raised verbally or in writing. Those who wish to make a written report are invited to use the following format:



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- The background and history of the concern (giving relevant dates and times)
- The reason why the whistleblower is particularly concerned about the situation

The earlier the whistleblower expresses their concern the easier it is to take action. The whistleblower is not expected to prove beyond doubt the truth of an allegation but will need to demonstrate to the person contacted that there are reasonable grounds for the concern.

The whistleblower may obtain advice and guidance on how to pursue matters of concern from one of the officers named above. They may wish to discuss their concern with a colleague or may find it easier to raise an issue if there is more than one person who has had a similar experience or concern.

The whistleblower may invite a trade union representative, a professional association representative or a friend or colleague to attend any meetings or interviews in connection with the concerns raised.

## **9. How the Council will respond**

The officer receiving the complaint will quickly assess whether it is a matter that is within their remit to deal with or a matter for the Corporate Manager – Internal Audit to investigate.

The review will be conducted within 5 working days of the concern being raised and the whistleblower will be notified in writing within 10 days of the outcome of this initial review. The investigating officer may be any one of those officers named above or a nominated senior officer.

## **10. Further investigations**

Where further investigations are required these must be completed within six weeks, but extensions will be granted when necessary. The aim of these timescales is to ensure that all cases of whistleblowing are dealt with as soon as possible.

If it is necessary to arrange a meeting with the whistleblower, this may be arranged off site if you wish and you may be accompanied by a union or professional association representative or a friend.

If the whistleblower is not satisfied that the investigating officer is dealing with the concern, they should discuss this with any one of the officers referred to earlier or the Head of Paid Service.

## **11. How the matter can be taken further**

This policy is intended to provide a whistleblower with an avenue within each Council to raise concerns. The Councils hope the whistleblower will be satisfied with any action taken. If not, and the person wished to take the matter outside the Council, the following are possible contact points who can receive whistleblowing reports:

- The Council's external auditor – Babergh – BDO (tele no. 01473 320 700); Mid Suffolk – Ernest and Young (tele no. 01223 394400)
- The Police.

If the whistleblower does take the matter outside the Council(s) they should ensure they do not disclose confidential information. It is suggested they should check with the Information Management Specialist (Legal).



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## **#6 FINANCIAL CRIME RESPONSE PLAN (Investigating suspicions)**

This plan forms part of the Councils' approach to the [Prevention of Financial Crime](#) and should be read in conjunction with the whole Policy and supporting material.

### **1. INTRODUCTION**

The Councils are committed to protecting the public funds with which they have been entrusted. Minimising the losses to Financial Crime is an essential part of ensuring that all of the Councils' resources are used for the purpose for which they are intended, namely the provision of high quality services to the citizens of MSDC & BDC.

This plan shows how the Councils will respond following the reporting of a suspected financial crime and follows on from the [Whistleblowing Policy](#).

### **2. PURPOSE**

This response plan is applicable to any suspected act of financial impropriety. This includes any act that puts the Council's resources at risk.

The Financial Crime Response Plan aims to:

- Prevent losses of funds or other assets where Financial Crime has occurred and to maximise recovery of losses;
- Identify the perpetrator and maximise the success of any disciplinary or legal action taken;
- Reduce adverse impacts on the business of the Councils;
- Minimise the occurrence of Financial Crime by taking prompt action at the first sign of a problem;
- Minimise any adverse publicity for the organisation suffered as a result of Financial Crime; and
- Identify any lessons which can be acted upon in managing Financial Crime in the future.

### **3. REPORTING SUSPICIONS (see the [Whistleblowing Policy](#) above)**

Should Financial Crime be suspected then the matter should be reported without delay. The procedure outlined in the Whistleblowing Policy should be followed.

If in doubt, Public Concern At Work ([www.pcaw.co.uk](http://www.pcaw.co.uk)) will give free and independent advice on how to proceed. Contact [whistle@pcaw.org.uk](mailto:whistle@pcaw.org.uk) or telephone 020 7404 6609.

If it is found that the allegation has been made frivolously, in bad faith, maliciously, or for personal gain, then disciplinary action may be taken against the person who made the allegation.



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## 4. INVESTIGATION

### 4.1 Managers & Supervisors:

As soon as an officer reports fraud or corruption, the manager or supervisor should, in all instances, seek advice from Internal Audit.

The Manager should:

- Obtain a written record of the concerns from the person making the allegations, or in cases where they have discovered the potential fraud, prepare a written report themselves. This should include:
  - Background details and the nature of the suspicions (including relevant dates, names and locations).
  - Details of the job and areas of responsibility of the individuals implicated.
  - Why the person raising the matter is concerned.
  - Action taken to date.
  - A description of the systems, controls and procedures that should be operating within the area subject to abuse.
  -
- Contact the Corporate Manager for Internal Audit as soon as possible to discuss the seriousness and factual basis of the allegations and the next steps to be taken.
- Take care at this stage to ensure that the suspect/s are not alerted to the potential investigation and the confidentiality of informants is not compromised.
- 
- Under no circumstances take any action to investigate the allegations themselves, or allow employees to do so, without sanction or guidance from Internal Audit. This includes interviewing, or observation, of suspects in connection with the suspected act. This is to ensure that evidence is collected in a way that complies with relevant legislation and does not compromise the investigation and / or subsequent disciplinary procedures / prosecutions.

### 4.2 Internal Audit:

Once an allegation has been made and an investigation deemed necessary it is likely that Internal Audit will either conduct the investigation or be involved in some way.

Internal Audit will take appropriate advice from HR and, where relevant, the Police, during the course of the investigation.

The purpose of the audit investigation is to establish the facts in an equitable and objective manner. The process will involve the use of authority or delegated powers to:

- Screen allegations, or information, to gauge their credibility;
- Secure all evidence;
- Interview suspects;
- Take statements;
- Liaise with departments, or other agencies (including the Police).

Internal Audit will maintain detailed and accurate records of all investigative actions taken.

Where evidence of offences or irregularities is found, the Council will take suitable further action. The investigating officer will compile a report of their findings for submission to the



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department concerned detailing their recommendations regarding disciplinary action or referring to the Police.

Where an irregularity results in a loss exceeding £10,000 a declaration must be made to the External Auditor. This will be done by the Corporate Manager for Internal Audit.

## **5. ESTABLISHING AND SECURING EVIDENCE**

In order to initiate disciplinary/criminal proceedings against a suspect of financial misconduct it is essential that evidence be secured in a legally admissible form, without alerting suspects at the outset of the investigation.

As such, managers and staff should not attempt to collect any form of evidence (e.g. records, statements or surveillance) without sanction from Internal Audit, who will be responsible for co-ordinating the collection of evidence as part of any internal investigations. Any IT equipment that may hold evidence should be secured without being accessed by anyone.

Staff collecting evidence (whether audit staff or otherwise) should ensure it is stored securely at all times and it is not tampered with, that no marks are made on original documents and a record is kept of anyone handling evidence. The Data Protection Act should be complied with at all times.

Staff responsible for interviewing suspect/s should be trained in the requirements of the Police and Criminal Evidence Act 1984. Failure to comply with PACE requirements in interviews will mean that nothing said by the suspect will be admissible in a court of law.

Staff responsible for commissioning and carrying out surveillance of suspects should do so in accordance with the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA). Failure to comply with RIPA will make all surveillance evidence inadmissible in court and may leave the Council liable to court action. The Councils' Monitoring Officer can provide advice on the requirements of RIPA.

## **6. POLICE REFERRAL PROCEDURE**

The decision to refer a matter to the Police will only be taken by the Corporate Manager for Internal Audit following consultation with senior management. In such cases the Corporate Manager for Internal Audit will instigate contact with the Police.

The Corporate Manager for Internal Audit will handle all requests from the Police for additional evidence, statements or any other form of assistance.

## **7. PREVENTION OF FURTHER LOSSES**

When a suspected fraud is reported, the Corporate Manager for Internal Audit will liaise with the Head of Service and HR to determine the most appropriate course of action to prevent any further losses to the Authority being incurred.

This may require the suspension of the suspected individual/s concerned. The normal circumstances for suspension would be:

- If the continued employment of the individual/s could lead to further losses.





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- If the continued employment of the individual/s could jeopardise the investigation (where individuals could remove or destroy evidence).
- If the Police have charged the officer with a criminal offence relating to the Council.

All suspensions will be carried out in line with the Standards of Conduct and Disciplinary Procedure. Suspension does not constitute disciplinary action.

Any security passes and keys to Council property must be obtained from the suspect/s along with any other Council items such as laptops, and returned to the appropriate officer or kept securely pending investigation. The appropriate Systems Administrators should be contacted to disable access to all relevant IT systems.

To prevent further losses and where it will not prejudice any subsequent investigation, management should liaise with Internal Audit to remedy any identified control weaknesses that have permitted the act of financial impropriety to be undertaken.

## **8. RECOVERY OF LOSSES**

Managers should seek to recover any losses incurred through acts of financial impropriety from the offenders concerned. Management should consult the Legal Service to establish options available to recover losses.

Where substantial potential losses have been identified at the outset of an investigation, management should seek legal advice immediately regarding the need to freeze the suspects assets through the Court, pending conclusion of the investigation.

The Councils will also take civil action (as appropriate) to recover the loss.

Where an employee is a member of the Pension scheme and is convicted of fraud, the Councils may be able to recover the loss from the capital value of the individuals accrued benefits in the scheme, which are then reduced as advised by the actuary.

## **9. PUBLICITY AND DEALING WITH THE MEDIA (in Connection with Suspected or Proven Fraud)**

Any public statements regarding pending, current or completed investigations or allegations of financial impropriety should only be made through the Communications Team.

Staff, Members and third parties of the Council must not make any public statement regarding suspected financial impropriety in order to avoid making libellous statements, or statements that may prejudice investigations, or any subsequent disciplinary/legal action. All such statements will be coordinated by the Communications Team. If contacted by the public or press, staff (including Members and third parties) should refer those making the enquiry to the Communications Team.

The Communications team should optimise the publicity opportunities available to make the public aware of each Council's commitment to taking action on acts of financial impropriety. As such any action taken relating to acts of financial impropriety should be reported in the press, as a deterrent to other potential offenders.



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## **#7 PREVENTION OF FINANCIAL CRIME - ROLES & RESPONSIBILITIES**

The Councils recognise that a sound anti-financial crime culture is essential if a strong control framework is to be adhered to. A number of people and bodies play a part in developing an effective culture and these are listed here for clarification.

<b>Role / Body</b>	<b>Specific Responsibilities to promote a <u>Prevention of Financial Crime Culture</u></b>
Council Members and Chief Executive Officer	To support and promote an anti-fraud culture. Collectively the Councils, with the Chief Executive Officer, are ultimately accountable for the effectiveness of the Councils' arrangements for preventing, detecting and investigating fraud and corruption.
Members	<p>As elected representatives, all Members of the Council have a duty to protect public money from any acts of fraud or corruption.</p> <p>This is achieved through Members operating within:</p> <ul style="list-style-type: none"> <li>• The Council's Constitution;</li> <li>• the Council's Standing Orders;</li> <li>• The Code of Conduct for Members;</li> <li>• Local Authorities (Members Interests) Regulations 1992;</li> <li>• the National Code of Local Government Conduct and any future legislation or codes of conduct;</li> <li>• The requirement to complete an annual Declaration of Related Party Transactions.</li> <li>• the Prevention of Financial Crime Policy;</li> </ul> <p>Each Council's Constitution makes specific reference to some of these elements and also includes the declaration and registration of Members' interests in accordance with approved Council policy.</p> <p>Circumstances surrounding conflicts of interest, whether personal or financial, are also addressed.</p> <p>Members are required to disclose to the Monitoring Officer details of any outside interests that they or their relatives have which may result in a conflict of interest and should remove themselves from involvement in matters in which they have a prejudicial interest (except to the extent that may be permitted by the Code of Conduct).</p> <p>Accounting Codes of Practice require Members and Senior Management to formally disclose payments from the Council(s) received by "related parties". These declarations form part of the Statement of Account and are subject to external audit each year.</p> <p>Members must register the receipt of gifts and hospitality valued at £25 or more in the Register of Gifts and Hospitality.</p> <p>The Councils have established a Joint Audit and Standards Committee which is responsible for promoting and maintaining high standards of conduct by members and co-opted members.</p>



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<p>Strategic Directors and Heads of Service</p>	<p>To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to one of the officers named in the <a href="#">Whistleblowing Policy</a>.</p> <p>Responsible for the communication and implementation of this Policy within their service area. They are responsible for ensuring that their employees are aware of the Council's Human Resources policies and procedures, the Council's Financial Regulations and Codes of Conduct and that the requirements of each are being met in their everyday service activities. In addition, Management must make their staff aware of the requirements of the <i>National Code of Conduct for Local Government Employees</i> through the induction process.</p> <p>Managers are expected to create an environment in which staff feel able to approach them with any concerns they may have about suspected irregularities. Where they are unsure of the procedures they should refer to the Council's documented <i>Whistleblowing Policy</i>.</p> <p>A key preventative measure in tackling fraud and corruption is for Management to take effective steps during recruitment to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff.</p> <p>The Councils' formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history, however it may also be appropriate to request that a Disclosure and Barring Service (DBS) check is undertaken for employees working with, or who may have contact with, children or vulnerable adults, or financial systems.</p> <p>To ensure that there are mechanisms in place within their service areas to assess risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls.</p>
<p>Section 151 Officer</p>	<p>The Head of Corporate Resources is delegated as having the statutory responsibility under section 151 of the <i>Local Government Act 1972</i> to "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs". Proper administration is interpreted as encompassing all aspects of local authority financial management.</p> <p>Under these statutory responsibilities the Head of Corporate Resources contributes to the anti-financial crime framework of the Councils.</p>
<p>Head of Legal Services / Head of HR</p>	<p>To advise Members and Officers on ethical issues, probity and standards to ensure that the council operates within the law and statutory codes of conduct.</p>
<p>Head of Corporate Resources</p>	<p>To advise on financial standards to be adopted by the Councils. To ensure that financial systems incorporate strong measures to reduce the risk of fraud / identify possible irregularities.</p>



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<p>All employees</p>	<p>At all times to comply with council policies and procedures.</p> <p>To be aware of the possibility of all aspects of Financial Crime including fraud, corruption and theft, and to report any genuine concerns to management and Internal Audit. If for any reason, they feel unable to speak to their manager they must refer the matter to one of those named under the Whistleblowing section of this Policy.</p> <p>The Code of Conduct for Employees requires that officers are aware of their statutory requirements under section 117 of the <i>Local Government Act 1972</i> regarding declaration of pecuniary and non-pecuniary interests. Declarations can be made to the Monitoring Officer.</p> <p>Disclose to their line manager any outside interests they or their relatives have which may result as a conflict of interest in respect of transactions and dealings with the councils, and these will be recorded in the appropriate registers.</p> <p>Ensure that they avoid situations where there is a potential for a conflict of interest and they must ensure that there is an effective role separation for decisions made so that they are seen as being based upon impartial and objective advice.</p> <p>Gifts and hospitality should only be accepted in accordance with the Council's guidelines within the Code of Conduct for employees and Members.</p> <p>Be made aware of and be expected to adhere to any internal control system designed to prevent and detect fraud and corruption. All employees are required to bring any concerns they have on the adequacy of control measures to the attention of their line manager and the Corporate Manager for Internal Audit.</p>
<p>Monitoring Officer</p>	<p>Maintains the Register of Members' Interests and advises Members of new legislative or procedural requirements.</p>
<p>Money Laundering Reporting Officer (Corporate Manager for Internal Audit)</p>	<p>To be responsible for anti-money laundering measures within the organisation, assessment of any suspected cases of money laundering, and if appropriate, reporting of such cases to the National Crime Agency (NCA).</p>
<p>Corporate Manager for Internal Audit</p>	<p>To be responsible for developing and implementing the Prevention of Financial Crime Policy and investigating any issues reported under this Policy.</p> <p>To ensure that all suspected or reported irregularities are dealt with professionally and that action is identified to improve controls and reduce the risk of reoccurrence.</p> <p>To provide assurance that financial crime risks are being managed and to provide advice on managing fraud risk and design of controls.</p>



Written By: John Snell  
Date: December 2014

<p>Internal Audit</p>	<p>Plays a vital preventative role in working to ensure that adequate key controls are implemented to prevent and detect financial crime, fraud and corruption. The service recommends changes in key controls and procedures with the aim of reducing the risk of losses to the Councils, and works with management in ensuring that these are implemented.</p> <p>The service will investigate all cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, which is dealt by the Counter Fraud Team based at Ipswich Borough Council working alongside Shared Revenues Partnership. (Note: Benefit fraud will be undertaken by the Single Fraud and Investigation Services (operated by the DWP) in May 2015).</p> <p>Within the Council's documented Joint Audit Services Charter and Strategy, Internal Audit staff have rights of access to all of the Council's records, information and assets which it considers necessary to fulfil its responsibilities.</p>
<p>The public, partners, suppliers, contractors and consultants</p>	<p>This Policy, although primarily aimed at Members and staff of the Councils, enables any genuine concerns / suspicions raised by any party of the possibility of fraud and corruption against the Council(s) to be investigated, as appropriate, by the relevant parties in a proper manner.</p>
<p>Joint Audit &amp; Standards Committee</p>	<p>To monitor compliance with the Councils' policies and consider the effectiveness of the Council's anti-fraud arrangements.</p> <p>Promoting and maintaining high standards of conduct by Members in accordance with their Code of Conduct.</p>
<p>External Audit</p>	<p>Independent external audit is an essential safeguard of the stewardship of public money, carried out by the external auditors through specific reviews designed to test (amongst other things) the adequacy of the Councils' financial systems and arrangements for preventing and detecting financial crime, fraud and corruption and designed to limit the opportunity for corrupt practices.</p> <p>It is not the External Auditors' role to prevent fraud and irregularities, but they will act without undue delay if grounds for suspicion of fraud and irregularity come to their notice.</p> <p>Investigations carried out by the External Auditors will be in accordance with their own established procedures.</p>