



# Policy and Strategic Response to Fraud, Bribery & Corruption

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# A STRATEGIC APPROACH

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“Every pound lost through fraud cannot be spent on providing services”

(Audit Commission – Protecting the Public Purse 2013)

As with all public authorities we are facing an unprecedented challenge to the way in which we deliver our services. We have already demonstrated that we are ready to face these challenges by introducing new corporate practices and changing the way we operate. We will continue with our innovative development in all service areas to ensure we deliver value for money and to protect the public purse from criminality. Being innovative also means we have to work with our partner agencies and engage with the citizens of Aberdeen.

Rules and procedures are designed to prevent unethical behaviour and to protect individuals against accusations of wrongdoing. It is when these rules and procedures are broken that a determination has to be made whether it was done deliberately or by misinterpreting procedures.

To allow us to focus on our service delivery and invest in our infrastructure we must ensure that our internal governance is strong and above reproach. The Council already has policies in place to manage, for example, employee conduct and how our ICT systems are administered but until now we have not produced an ‘umbrella’ policy covering fraud, corruption and bribery. Rather than being about whether something is right or wrong, it becomes a calculation about the likelihood of getting caught against the value of what can be gained by undertaking the act in the first place. This policy brings all these issues together allowing staff, management, elected members and the public to be better informed of our intentions.

In an ideal world we should be able to trust everyone we deal with, however, the threat of fraud, corruption and bribery is real and we must be prepared to protect our services and assets. This policy will ensure that we have a consistent approach throughout the Council.

## The Council

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|--------------------|---|
| <b>Prohibits</b>   | the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement.  |
| <b>To or from</b>  | any person or company, wherever they are situated and whether they are a public official or body or private person or company.  |
| <b>By</b>          | any individual employee, agent or other associated person or body acting on the Council’s behalf.   |
| <b>In order to</b> | gain any commercial, contractual or regulatory advantage in a way which is unethical or secures any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual. |

# 1 DEFINITIONS

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## **Fraud**

The Accounts Commission for Scotland describes fraud as the use of deception with the intention of obtaining private gain, avoiding an obligation or causing loss to another party. Fraud can be used to describe a wide variety of dishonest behaviour such as forgery, false representation and the concealment of material facts. The fraudulent use of Information & Communication technology (ICT) resources is included in this definition, where its use is a material factor in carrying out a fraud

**Examples of fraud include, but are not exclusive to:**

- **Distorting or concealing both financial and non- financial information;**
- **Knowingly and intentionally obtaining or attempting to obtain benefits to which there is no entitlement through;**
- **Falsification or alteration of accounting records or other documents;**
- **Misappropriation of assets or theft;**
- **Suppression or omission of the effects of transactions from records or documents;**
- **Recording transactions which have no substance eg, time recording records that do not reflect actual hours worked.**
- **Wilful misrepresentations of transactions or of the Council's state of affairs which may involve the misuse of funds or other resources, or the supply of false information.**

## **Bribery**

A bribe, as defined in the Bribery 2010 Act, is a financial or other type of advantage that is offered or requested with the intention of inducing or rewarding improper performance of a function or activity. Acts of bribery are designed to influence an individual in the performance of their duty and incline them to act dishonestly.

**Examples of bribery include, but are not exclusive to:**

- **A direct or indirect promise;**
- **Offering or authorisation of anything of value;**
- **The offering or receipt of a payment including a loan or fee or reward or any other advantage;**
- **The offer of aid or a donation.**

In accordance with the Bribery Act 2010, the Council will conduct its activities honestly and will apply high ethical standards without the use of acts of bribery. The Bribery Act makes it illegal to offer or receive bribes and to fail to prevent bribery. The Act makes provision for both individual and organisational responsibility for bribery and creates offences that carry prison terms of up to 10 years and unlimited fines.

### **Corruption**

Corruption is the unlawful offering, giving, soliciting or acceptance of an inducement or reward which could influence the actions taken by the Council, its Elected Members or its employees. This also applies to business partners where a relationship is in place for them to undertake duties on behalf of the Council. Corruption can also include bribery and is not entirely removed from fraud either as offences may overlap between them.

**Examples of Corruption include, but are not exclusive to:**

- **Disclosure of information;**
- **Using a position of authority inappropriately;**
- **Altering contracts or official forms;**
- **Misuse of IT systems;**
- **Falsifying records;**
- **Making purchases of goods or services which are unnecessary or excessive.**

The law associated with Bribery & Corruption is complex and as such this policy cannot provide a full and authoritative account of the relevant legislation. Any enforcement action being undertaken must take recognition of current legislation and associated case law.

### **Monitoring Officer**

The Council's Monitoring Officer is the Head of Legal & Democratic Services who will have responsibility for overseeing the organisation's compliance with the provisions of this policy.

## 2 COUNCIL VALUES

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- 2.1 Council employees are expected to be above reproach in all areas of work. The council has a series of policies which are linked to employee's conditions of employment which can be found in the HR pages within the zone. Staff who do not have access to the Zone should ask their line manager for a copy. It is the responsibility of employees to ensure that they are aware of the content of these policies. The employee code of conduct can be accessed by using the following URL: <http://thezone/nmsruntime/saveasdialog.asp?IID=21814&SID=8142>
- 2.2 The Council has a zero tolerance stance on fraud, bribery and corruption in any form.
- 2.3 The following would be regarded as unacceptable behaviour by employees, elected members, workers, agents and any associated persons performing services on behalf of the Council and must not occur:-
- Accepting or requesting a bribe, whether financial or other reward, from any person or organisation in return for providing some favour.
  - Offering a bribe, whether financial or other reward, to any person or organisation in return for providing some favour.
  - The making or accepting of any facilitation payments, which are unofficial payments made to government officials (including Council officials) for carrying out or speeding up routine procedures.
  - Dishonesty, theft, fraud or the deliberate falsification of records and / or benefit / or other claims administered by the Council.
- 2.4 The Council requires all individuals and organisations with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions involving fraud, bribery and corruption.
- 2.5 In aiming to deliver a modern, effective, efficient and accessible range of services to the people of Aberdeen it is important that we provide a facility for members of the public to report any concerns they have relating to actual or attempted fraud, bribery and corruption.
- 2.6 As part of the Council's responsibilities to protect public funds, the Council is required to investigate allegations of activities of fraud, bribery and corruption.
- 2.7 The Council will share data, in accordance with the Corporate Data Protection Act Policy, with other agencies in matters relating to fraud, bribery and corruption. Further information is available on the zone <http://thezone/nmsruntime/saveasdialog.asp?IID=23668&SID=7315>

- 2.8 The Council participates in the National Fraud Initiative (NFI) which is a counter-fraud exercise led by Audit Scotland. The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Corporate Fraud Team Manager is responsible for the administration and ensuring that reports are made to Audit & Risk committee.
- 2.9 Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities to have adequate systems and controls in place to ensure the proper administration of their financial affairs.
- 2.10 For the avoidance of doubt this policy applies to all Elected Members, employees, including temporary staff, contractors, suppliers, or secondees from other organisations, arms length external organisations and any organisation which receives funding or grants from the Council.
- 2.11 The Council has a local code of practice in relation to its governance arrangements for funding external organisations. This code can be accessed at <http://councilcommittees/documents/s16240/FPP%20Procedures.pdf>

# 3 REPORTING AND CONTROL ENVIRONMENT

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- 3.1 The Council has a zero tolerance approach to any attempts at bribery, fraud and corruption by, or of, its employees, elected members, or anyone performing services on behalf of the Council. All employees have a duty to report fraud, bribery and corruption in any form.
- 3.2 Council employees, elected members, workers, agents and associated persons performing services on behalf of the Council are required to assist and to remain vigilant in preventing, detecting and reporting acts of fraud, bribery and corruption.
- 3.3 In the case of employees and workers, they are expected to report any concerns of actual or suspected incidents to their line manager as soon as possible. Associated persons would report any concerns to an appropriate Council senior manager (in the case of elected members, this should be the monitoring officer).
- 3.4 Any person making a report of actual or suspected bribery in good faith will be given appropriate support and a prompt and thorough investigation would be carried out into the matter. An alternative route for employees and workers to report an act of bribery, fraud or corruption is through the use of the Whistleblowing policy to the Monitoring Officer. This policy can be accessed at <http://thezone/nmsruntime/saveasdialog.asp?IID=21790&SID=8142> or via your line manager.
- 3.5 Heads of Service are responsible for ensuring that risk management arrangements are in place in their service area to prevent, detect and prohibit fraud, bribery and corruption. Risk assessments will be undertaken for each of the Council's key business activities with individuals identified who may be at most risk of being exposed to bribery. This includes those involved in high value projects, purchasing products and services, making recommendations to committees and in overseas activities etc
- 3.6 Heads of Service are responsible for communicating this policy to employees and across the workforce and also to associated persons undertaking work on behalf of the Council. Training will be provided to appropriate employees who have been identified through risk assessment as being at potential risk of exposure to bribery, through an On-line Interactive Learning (OIL) course. The Corporate Governance service will arrange for the appropriate communication of the policy to elected members.



# 4 FRAUD, BRIBERY & CORRUPTION RESPONSE PLAN

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- 4.1 In creating a fraud, bribery and corruption policy the Council must also create a response plan. This will ensure that actions are taken quickly in order to prevent further losses and help to maximise recovery of any losses sustained.
- 4.2 In the event of any act of fraud, bribery or corruption activity being suspected, an investigation would be carried out to establish the facts. In respect of employees, the investigation will be undertaken in accordance with the Managing Discipline/Employee Investigation procedure. If allegations of fraud, bribery or corruption are brought against an employee and are upheld this would most likely result in a finding of gross misconduct and immediate dismissal. Where an allegation is made about an elected member, the matter should be referred to Police Scotland and/or the Public Standards Commissioner.
- 4.3 The Council may terminate the contract of any associated person or organisation, including consultants, who act on behalf of or perform services for the Council, who are found to have breached this policy.
- 4.4 The Council will
- Instigate legal action against individuals or companies or organisations where evidence of fraud, bribery or corruption is established.
  - Review any working arrangements / contracts that are in place with any external organisations or persons, who act on the council's behalf.
  - Report matters to Police Scotland or other agencies as appropriate and co-operate fully in any investigation.
  - Identify lessons that can be used for future prevention programmes
  - Actively pursue the perpetrator(s) for recovery of any losses, including taking legal action. In criminal cases the Council will make full use of the Proceeds of Crime legislation.
  - Continually assess our exposure to fraud risks to effectively target resources where they will produce most benefit.
  - Provide an annual summary to the Audit and Risk committee of all allegations of fraud, bribery and corruption at the appropriate time, relative to the investigatory and reporting processes.

# 5 PREVENTION

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- 5.1 In writing new policy's and procedures council staff must take into account and build suitable safeguards to minimise the risk of fraud, bribery and corruption. It is important that report authors provide assurances that perceived weaknesses have been analysed and appropriate measures put in place to minimise the risk.
- 5.2 There must be an effective process to monitor the efficiency of new policies. Ineffective monitoring can lead to complacency which in turn leads to opportunities for abuse. It is the responsibility of line managers to play their part in ensuring that policies are adhered to and maintain systems of internal control.
- 5.3 It is important that when designing policies that they are clear and that they can be understood by end users.
- 5.4 Where a Council employee is offered a gift or hospitality they must ensure that the correct procedure is followed. Advice on this can be obtained from your line manager or in the Council's Financial Regulations (<http://councilcommittees/documents/s41205/Finanical%20Regulations.pdf>). All employees, elected members and workers should familiarise themselves with the rules on gifts and hospitality and strictly adhere to these rules and procedure. Elected members are responsible for registering gifts and hospitality which they receive under the Code of Conduct for Councillors.
- 5.5 Council employees must declare any possible conflict of interest which they have, whether in contracts entered into by the Council or otherwise and these must be noted in a register maintained for that purpose. Employees shall at all times be required to comply with the provisions of Section 68 of the Local Government (Scotland) Act 1973 e.g. running a private sector business in competition with the Council.
- 5.6 Organisations where public funding has been provided in any form will be subject to review. This is to confirm that the recipient body is achieving lawful policy objectives and not circumventing statutory controls; that there is reasonable certainty that the assistance provided is used to carry out the objectives intended; that public money is not at undue risk and that the internal controls are operating to an acceptable standard. The council has published a local code of practice relating to providing funding to external bodies. The policy can be accessed at <http://councilcommittees/documents/s16240/FPP%20Procedures.pdf>
- 5.7 Internal and External Auditors have an important role to play in the prevention of fraud, bribery and corruption and staff must ensure that they provide auditors with all relevant assistance.
- 5.8 All new employees with a permanent or fixed term contract of 6 months or more are required to attend a corporate induction session which explains the expected behaviour of staff.

- 5.9 Upon commencement of employment line managers are issued with an induction checklist which includes ensuring new staff are aware of corporate policies including Anti-Bribery. The Council also has various e-learning courses and line managers are responsible for ensuring the mandatory courses are completed. This should form a clear requirement in relation to the employee's Performance, Review and Development (PR&D) objectives with suitable deadlines set for completion.
- 5.10 Council employees are not permitted to accept employment outwith the Council without an application being made, in the first instance, to their line manager for assessment. The HR section of the Zone gives procedural guidance and can be accessed with the following link:  
<http://thezone/nmsruntime/saveasdialog.asp?IID=23784&SID=8142>

# 6 DETECTION

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- 6.1 One of the most effective tools to deter people from committing acts of fraud, bribery and corruption is to ensure that the Council has effective prevention and detection procedures.
- 6.2 Acts of abuse may be detected in a number of different ways such as staff who have carried out checks or who have become suspicious.
- 6.3 Other potential indicators of internal fraud may include, but are not limited to
- Lifestyle does not match with income;
  - Refusal or reluctance to apply for promotion;
  - Resists new procedures which involve internal controls;
  - Service users are told that they can only ever speak to one named member of staff;
  - Reluctant to take leave.
- 6.4 Data matching, such as the National Fraud Initiative, is an effective method to detect irregularities. The Council participates in this Initiative and regularly provides information for data matching purposes with the data of other public bodies. Services are also encouraged to undertake proactive data matching exercises. Periodically testing for anomalies can highlight irregular transactions before other methods such as a routine audit. As well as acting as a deterrent, it also allows frauds to be stopped sooner.
- 6.5 Once an irregularity has been identified the matter should be brought, in the first instance, to the attention of the member of staff's line manager.
- 6.6 Line managers should report the matter, if appropriate to their manager, and seek guidance from the service's HR business partner. If this is not known a request can be made to the HR service centre.
- 6.7 If an allegation relates to a member of staff's line manager, then the matter should be escalated to the next most senior person who is not involved. If the matter is considered particularly serious then consideration should be given to using the whistleblowing procedure. Further details can be found on the Zone at <http://thezone/nmsruntime/saveasdialog.asp?IID=21790&SID=8142>
- 6.8 Regardless of the reporting method the Council will ensure that the information received will be treated confidentially.
- 6.9 All employees are required to report any circumstances which may suggest an irregularity affecting the finances, property, services or policy of the Council.
- 6.10 Internal and External audit can assist services in detecting irregularities.

# 7 INVESTIGATION

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- 7.1 Aberdeen City Council will take immediate and robust action in accordance with the Managing Discipline/Employee Investigation policy against any staff who are suspected of breaching any part of this policy.
- 7.2 Investigations fall into two categories; Civil and Criminal with each having its own definition of guilt. Each allegation will be assessed on its own merits and the most appropriate person will be allocated to investigate. Investigations can be time consuming and complex therefore it is important that investigators are given support and that consideration be given to re-allocating their own work where appropriate.
- 7.3 The nature of the allegation will often dictate who is responsible for the investigation. Where a member of staff has been implicated it will be up to the individual service to determine, in line with the Managing Discipline/Employee Investigation Policy, what initial action will be taken. The policy can be accessed at <http://thezone/nmsruntime/saveasdialog.asp?IID=21772&SID=8502>
- 7.4 Investigation officer's must ensure that the Head of Finance and the Monitoring Officer has been notified upon commencement and completion of an investigation which involves fraud, bribery or corruption.
- 7.5 It should be borne in mind that whilst making enquiries investigators may uncover additional evidence which may in turn implicate other staff.
- 7.6 In the event that an investigation uncovers evidence which suggests that there has been a breach of criminal law, the investigation officer will discuss the findings with a representative from HR and a senior manager from the service involved. The final decision on whether the case is pursued criminally will rest with the service.
- 7.7 Where it has been established that employees who have been in receipt of state benefit, have failed to adhere to the terms of receiving the benefit i.e where an overpayment has occurred, shall be subject to Council disciplinary action.
- 7.8 Any allegations relating to the conduct of Elected Members will be referred to the Public Standards Commissioner or Police Scotland.
- 7.9 The Council's Corporate Fraud Investigation Team are responsible for managing and investigating a wide range of abuses against Council Services Eg, Blue Badge Fraud, Housing Tenancy Fraud, Non Domestic Rate Fraud etc. Details of how to make a referral or contact the team are available on the Zone.
- 7.10 The Corporate Fraud Investigation Team will also undertake employee investigation as per the Managing Discipline/Employee Investigation Guide. The team will also undertake intelligence led proactive investigations relating to staff matters. These could include but are not limited to, for example, data matching single person discount council tax records with staff addresses.
- 7.11 All allegations relating to benefit fraud should be made to [www.gov.uk/benefit-fraud](http://www.gov.uk/benefit-fraud)

7.11 Where information has been received via the whistleblowing procedure it will be up to the Monitoring Officer to decide who will be responsible for the investigation.

# POLICY ADMINISTRATION

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Person responsible for policy:	Steve Whyte (Head of Finance)
Enquiries regarding policy:	Brian Muldoon (Corporate Investigation Manager)
Policy implementation date:	15 September 2015
Latest version:	1
Updates:	This policy will be reviewed every two years or where there has been a change in legislation relating to fraud, bribery or corruption.