

WYCHAVON

Combined Anti-Fraud & Corruption and Money Laundering Policy 2018

Adopted 18 April 2018



1. Introduction

- 1.1 Any cases of wrongdoing are serious issues which can affect the services the council provides to the community and the public's perception of the integrity of council officers and members.
- 1.2 This document provides a policy framework for officers and members in order that they are aware of the position held by the Council and how to deal with incidents should they occur.
- 1.3 This policy statement combines the previously separate Anti-Fraud & Corruption and Money Laundering policies into a single document.

2. Objectives

- 2.2 The objectives of the policy are:-
 - to give a clear statement of the council's position on fraud, bribery, corruption and money laundering;
 - to provide confidential avenues to raise concerns of financial irregularities without fear of reprisal;
 - to minimise the risk to the council's assets and good reputation;
 - to instil a culture of integrity and accountability in officers and members and all those who do business with and for the council;
 - to highlight the need for internal controls to be implemented in order to prevent, discourage and detect fraud, bribery, corruption and money laundering.

3. Policy

- 3.1 Wychavon District Council is committed to fighting fraud, bribery, corruption, money laundering and wrongdoing, whether perpetuated on or within the council. Any cases found will be treated seriously. The message to those who are tempted is that they won't get away with it.
- 3.2 All officers and members shall be aware of the standards of conduct and the procedures designed to reduce the risk of fraud, bribery, corruption and money laundering occurring. All staff shall be responsible for their own conduct and for maintaining adequate checks and controls in accordance with laid down procedures.
- 3.3 All officers and members shall be aware of the procedures necessary to report instances of fraud, corruption, bribery, money laundering and wrongdoing, and understand their protection from reprisals or victimisation for reporting in good faith.

4. Definitions

- 4.1 Fraud occurs where a person unlawfully converts to their own use, the property or assets (including money) of another person or persons, or attempts to do so by the falsification of records. Essentially it is intentional deceit and it is quite distinct from negligence or accidental error.
- 4.2 Corruption involves the offering and acceptance of a reward for performing or failing to perform an act which leads to a gain for the person offering the inducement, and often occurs in connection with contracts or consultancy engagements.

- 4.3 Corruption involves more than one person, who knowingly conspire together to achieve the fraudulent gain, and must involve a fraudulent offer of a reward for a dishonest purpose, and the fraudulent receipt of that reward.
- 4.4 The Bribery Act 2010 sets down a number of prohibited acts of corruption which, if committed, carry criminal sanctions. Specifically, the prohibited acts of bribing another person, being bribed or of bribing a foreign public official apply to the council.
- 4.5 The council's Contract Procedure Rules give more details on this but the Act makes it clear that the Council has an overriding duty to prevent and eliminate bribery, not only in a way that affects employees but also by ensuring that no contractors have been involved in bribery offences.
- 4.6 The Proceeds of Crime Act 2002 (the 'Act') and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 define Money Laundering as:
- concealing, disguising, converting, transferring criminal property or removing it from the UK;
 - entering into or becoming concerned in an arrangement which is known or is suspected of facilitating the acquisition, retention, use or control of criminal property by or on behalf of another person;
 - acquiring, using or possessing criminal property;
 - Investing the proceeds of crime into other financial products or the acquisition of property or assets.
- 4.7 All employees could potentially find themselves involved in money laundering situations.

5. Culture

- 5.1 Wychavon is determined to maintain a culture of honesty and opposition to fraud, bribery, corruption, money laundering and financial wrongdoing within the council.
- 5.2 There is an expectation and requirement that all individuals and organisations associated in any way with the council will act with integrity and that members and officers at all levels will lead by example.
- 5.3 The council's employees are an essential element in its stance on fraud and bribery and corruption and are positively encouraged to raise any concerns they may have. Reporting arrangements are detailed in section 8.

6. Prevention

Officers

- 6.1 The council recognises that a key preventive measure in the fight against wrongdoing is to take effective steps at the recruitment stage to establish as far as possible the previous record of potential staff, including temporary and contract staff, in terms of their propriety and integrity.
- 6.2 The staff recruitment process will therefore be in accordance with the council's HR Policies and Procedures and in particular, evidence of qualifications will be obtained along with written references regarding the known honesty and integrity of potential staff.
- 6.3 Council officers are required to follow the council's Code of Conduct for Employees and any Code of Conduct related to their personal Professional Institute.

- 6.4 Council officers are also required to follow the council's Contract Procedure Rules and Financial Regulations.
- 6.5 The council has a disciplinary procedure in place.
- 6.6 All officers must operate within Section 117 of the Local Government Act 1972 regarding:
- any disclosures of pecuniary interest in contracts
 - the acceptance of any fee or reward other than their proper remuneration.

Members

- 6.7 Members are required to operate within the following (see the council's Constitution):
- Code of Local Government Conduct
 - Council Contract Procedure Rules and Financial Regulations
 - relevant legislation and non statutory rules regarding the registration and disclosure of pecuniary and other interests
 - any locally produced requirements regarding personal conduct.
- 6.8 All Members when declaring their acceptance of office certify that they undertake to be guided by the Code of Local Government Conduct in the performance of their duties as a Councillor.

Systems and procedures

- 6.9 The Deputy Chief Executive has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of the council's financial affairs.
- 6.10 The council's Financial Regulations incorporate the working arrangements established to regulate and control its finances, requiring staff to act in accordance with best practice. The Deputy Chief Executive, as the Section 151 officer, will ensure that the Financial Regulations are updated regularly and are made available to all staff.
- 6.11 The council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and which include adequate separation of duties where possible. The Senior Management Team is required to ensure that such controls, are properly maintained. Their existence, appropriateness and adequacy are independently monitored by the council's Internal and External Auditors.
- 6.12 Money Laundering procedures required by law relating to Client Identification and Record Keeping are detailed [in Appendix 1](#).

7. Detection

- 7.1 The Senior Management Team is responsible for ensuring that adequate internal controls, policies and procedures are implemented and maintained.
- 7.2 All officers will also have regard to ensuring that internal control is maintained and will report any areas where they believe controls have failed.
- 7.3 The Worcestershire Internal Audit Shared Service (WIASS) will periodically review and test all council systems in order to provide assurance to the Senior Management Team regarding the adequacy of internal control.
- 7.4 Financial Regulations require all suspected irregularities to be reported.

8. Reporting arrangements

- 8.1 If Money Laundering is suspected of taking place, please refer to the Money Laundering reporting procedure in Appendix 1.
- 8.2 This policy is intended to cover concerns about fraud, corruption and wrongdoing that fall outside the scope of other policies and procedures
- 8.3 Any officer who suspects that an irregularity is being or has been perpetrated concerning the council's financial affairs shall immediately inform their Senior Manager (member of SMT), the Chief Executive and the Deputy Chief Executive who will investigate and report as necessary. (Financial Regulations para C6.2).
- 8.4 Similarly, any member who suspects that an irregularity is being or has been perpetrated concerning the Council's financial affairs should immediately inform the Chief Executive and the Deputy Chief Executive, who will investigate and report as necessary. (Financial Regulations para C6.3).

If the allegation or referral does not have any financial loss implications, the matter should be referred to the relevant line manager or Senior Manager. The appropriate member of the Senior Management Team will be responsible for taking action. Alternatively, officers and Members may directly contact anyone from among the list of persons below:

- Monitoring Officer
- Chief Executive
- Deputy Chief Executive
- HR Services Manager
- Head of the Internal Audit Shared Service

- 8.5 Allegations or concerns about possible wrongdoing by councillors should be discussed with the council's Monitoring Officer.
- 8.6 Where criminal proceedings might be necessary, the Chief Executive in consultation with the Deputy Chief Executive and the Monitoring Officer will be responsible for deciding whether to refer the matter to the Police. (Financial Regulations para c6.4).
- 8.7 Any anonymous referrals will be treated seriously however any discovered abuse of this process by raising unfounded malicious allegations will be regarded as a serious disciplinary matter.
- 8.8 Although officers and members are not expected to prove the truth of an allegation, they will need to demonstrate to the officer contacted that there are sufficient grounds for their concern.
- 8.9 If an officer wishes, they may ask their trade union, professional association or solicitor to raise a matter on their behalf. They will have an equal right to contact the officers named above on the same terms as the person who first raised the concern.
- 8.10 If any officer has doubts as to what working practices are unacceptable their line management should be asked before, and not after the event.
- 8.11 Within ten working days of an allegation or concern being received, the council will write to the person raising the allegation or concern:
 - (i) acknowledging receipt of the allegation or concern;
 - (ii) indicating how it proposes to deal with the matter;
 - (iii) telling them whether any initial enquiries have been made;

- (iv) telling them whether further investigations will take place, and if not, why not;
- (v) if the matter is to be dealt with internally, giving them an estimate of how long it is likely to take to provide a full response.

8.12 If an individual takes the matter outside the council, then they need to take care with regard to the possible disclosure of confidential information. If a person is in any doubt as to their position, they should check with either their external contact or the council's Monitoring Officer.

8.13 Individuals are strongly advised not to refer concerns to the press. If, notwithstanding this advice, an officer or member then decides to contact the press, they should make certain that:-

- (i) they have exhausted all the avenues described above;
- (i) they do not disclose confidential information;
- (ii) they do not make false allegations which could result in libel proceedings.

8.14 The council wishes the principles and procedures set out above to apply, so far as is possible, to persons working for council contractors and requires that these principles and procedures are written into significant contracts.

8.15 If individuals have any concerns, they are encouraged to contact their Line Manager and the Deputy Chief Executive or the council's Monitoring Officer in the first instance.

8.16 The Deputy Chief Executive or Monitoring Officer will follow the same approach for council members and endeavour to provide the same safeguards as would apply to a concern expressed by a council employee.

9. Public Interest Disclosure Act 1998

9.1 The Public Interest Disclosure Act 1998 gives statutory protection to individuals who raise concerns about possible wrongdoing in good faith. Additional provisions are inserted into the Employment Rights Act 1996 relative to "protected disclosures" and the rights of employees not to suffer detriment through making such disclosures.

9.2 This policy is intended to complement the statutory protection now given to employees, rather than detract from it. For the avoidance of doubt, an employee's statutory rights will not be affected in any way by this policy.

10. Investigation

Fraud, corruption and bribery

10.1 Depending on the nature and anticipated extent of a reported irregularity, WIASS staff will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

Money laundering

10.2 Suspected money laundering will be investigated using the procedure outlined in [Appendix 1](#).

11. Discipline and prosecution

11.1 The council's disciplinary procedures will apply where the outcome of an investigation concludes that improper behaviour has occurred.

- 11.2 The council may involve the Police in cases of financial impropriety. Referral to the Police is a matter for the Chief Executive and Deputy Chief Executive in consultation with the Monitoring Officer.
- 11.3 Any serious fraudulent Housing Benefit claims will be dealt with by the DWP Single Fraud Investigation Service and referred to the Police, having given due consideration to the circumstances of the fraud and the claimant.

12. Review

- 12.1 The Senior Management Team will review this strategy and policy on a regular basis to ensure that it remains current.

Appendix 1 – Money Laundering

Client Identification Procedure

- 1 It is not possible to give a definitive list of ways in which to identify money laundering but facts which tend to suggest that something 'odd' is happening may be sufficient for a reasonable suspicion of money laundering to arise.
- 2 The following are types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:
 - A new customer with no previous history with the council
 - A secretive customer, for example one who refuses to provide requested information without reasonable explanation
 - Concerns about the honesty, integrity or identity of a customer
 - Illogical third party transactions, for example unnecessary routing or receipt of funds from third parties or through third part accounts
 - Payment of a substantial sum in cash
 - Overpayments by a customer
 - Absence of an obvious legitimate source of funds
 - Movement of funds to and from overseas, particularly to and from a higher risk country
 - Cancellation of reversal of an earlier transaction
- 3 However, where the council is carrying out business that :
 - a) forms a new ongoing business relationship with a client; or
 - b) undertakes a one-off transaction involving payment by or to a client of 15,000 Euro (approximately £13,000) or more; or
 - c) plans to undertake a series of linked one-off transactions involving total payment by or to a client of 15,000 Euro (approximately £13,000) or more; or
 - d) it is known or suspected that a one-off transaction (or a series of them) involves money laundering or terrorist financing.

then this is 'relevant business' and this Client Identification Procedure must be followed before any business is undertaken with that client:

- The responsible officer must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after the prospective business relationship is confirmed (unless evidence of the client has already been obtained). Appropriate evidence of identity can be the organisation's official letterhead.
- Such correspondence should then be placed on a client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.
- If the client is new or not well known to the officer, the officer should seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.
- In all cases, the evidence should be retained for at least five years from the end of the business relationship or one-off transaction(s).
- If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

Record keeping procedure

- 4 Each council service unit conducting relevant business must maintain records of:
 - client identification evidence obtained; and
 - details of all relevant business transactions carried out for or by clients for at least five years. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.
- 5 The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, officers of the Council will be routinely making records of work carried out for / by clients in the course of normal business and these should suffice in this regard.

Reporting

- 6 Any staff in the council who know, suspect or have reasonable grounds for knowing or suspecting that a person is engaged in money laundering or terrorist financing must report such matters to the Money Laundering Reporting Officer (MLRO). The report should be within “hours” of the information/ suspicion coming to their attention, not weeks or months later. SHOULD THE PERSON NOT DO SO, THEN THEY MAY BE LIABLE TO PROSECUTION.
- 7 The officer nominated to receive reports about money laundering activity within the council, the Money Laundering Reporting Officer, is the Deputy Chief Executive. She can be contacted as follows:

Jayne Pickering, Deputy Chief Executive
Wychavon District Council, Civic Centre, Queen Elizabeth Drive, Pershore WR10 1PT
Telephone: 01386 565400 (direct Line)
- 8 In the absence of the MLRO, the Monitoring Officer, is authorised to deputise and can also be contacted at the Civic Centre Queen Elizabeth Drive, Pershore telephone number 01386 565476 (direct line).
- 9 The report must include as much detail as possible, for example:
 - Full details of the people involved (including the person raising the concern), e.g. name, date of birth, address, company names, directorships, phone numbers, etc;
 - Full details of the type of transaction and nature of the involvement of the person raising the concern;
 - The date(s) of the Money Laundering activity, including whether the transactions have happened, are ongoing or are imminent;
 - Where the Money Laundering Activity took / is taking place;
 - How the Money Laundering Activity is being undertaken;
 - The likely amount of money / assets involved;
 - Why the person raising the concern is suspicious;
 - Copies of any relevant supporting documentation.
10. Once the matter has been reported to the MLRO no further enquiries should be made by the person reporting the concern.

- 11 On receipt of the report, the MLRO will refer the matter on to the National crime Agency (NCA) if appropriate. All employees will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 12 At no time and under no circumstances should the suspicions be relayed to the person (s) who are suspected of money laundering, otherwise a criminal offence of 'tipping off' (Section 333 of the 2002 Act) may be committed.
- 13 The person raising the concern should not, therefore, make any reference on a client file to a report having been made to the MLRO. The MLRO will keep the appropriate records in a confidential manner.

Investigation

- 14 Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. The MLRO should also advise the person reporting the concern of the time-scale within which he expects to respond to them.
- 15 The MLRO will consider the report and any other available relevant internal information 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 as appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required. The MLRO may also need to discuss the report with the individual raising the concern.

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

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

- 16 Where the MLRO does so conclude, then he must report the matter as soon as practicable to the NCA on their standard report form (attached) and in the prescribed manner.
- 17 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 consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.
- 18 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.
- 19 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.
- 20 The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a report 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.