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South & East Lincolnshire Councils Partnership

COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY

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INTRODUCTION

South Holland District Council is committed to conducting its affairs with the highest standards of probity, honesty, integrity, and accountability. The Council adopts a zero-tolerance approach to fraud, corruption, theft, and bribery, recognising the significant risks these pose to the achievement of its aims and objectives, as well as the adverse impact on public services.

This Policy outlines clear responsibilities for officers, members, and partners, and is regularly reviewed to ensure it remains effective and up to date with legislative and regulatory changes.

DEFINITIONS

Fraud

The Fraud Act 2006 (Section 1) provides that a person is guilty of fraud if they commit fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position. These offences are each detailed below:

Fraud by False Representation (Section 2):

- Definition: Dishonestly makes a false representation and intends by making the representation to make a gain for himself or another or to cause loss to another or to expose another to a risk of loss.
- Key Elements: Dishonesty, knowing the representation is or might be untrue or misleading, and intending to gain or cause loss

Fraud by Failing to Disclose Information (Section 3):

- Definition: Dishonestly fails to disclose to another person information when there is a legal duty to do so, with the intent by failing to disclose such information to make a gain for himself or another or to cause loss to another or to expose another to a risk of loss.
- Key Elements: Dishonesty, legal duty to disclose, and intending to gain or cause loss

Fraud by Abuse of Position (Section 4)

- Definition: Occupies a position with an expectation to safeguard or not to act against the financial interests of another and dishonestly abuses that position intending to make a gain for himself or another or to cause a loss to another or expose another to a risk of loss.
- Key Elements: Dishonesty, abuse of a position where there is an expectation to safeguard another's financial interests and intending to gain or cause loss.

In all three cases, the fraudulent act is characterised by dishonesty with the intention of making personal gain or causing loss to another.

Key elements of fraud can include:

- criminal deception
- forgery
- blackmail
- corruption
- conspiracy
- the covering up of material facts and collusion

By using a deception, a fraudster can:

- obtain an advantage
- avoid an obligation
- cause loss to another party

Failure to prevent fraud

Section 199 of the Economic Crime and Corporate Transparency Act 2023 introduced significant reforms in corporate criminal liability. This section established a new offence where a "large" organisation can be held criminally liable if an associated person (such as an employee, agent, or subsidiary) commits fraud intending to benefit the organisation or its clients. The offence places a statutory responsibility on relevant organisations to prevent employees from committing fraud and came into force on 1 September 2025.

A "large organisation" is defined by meeting at least two out of three specified criteria, similar to the definition used in the Companies Act 2006. These criteria are:

- Turnover: More than £36 million
- Balance sheet total: More than £18 million
- Number of employees: More than 250

Key points include:

- Definition of Associated Persons: This includes employees, agents, subsidiaries, or anyone performing services for the organisation, like suppliers, distributors, or consultants.
- Scope of Liability: An organisation can be liable if it benefits directly or indirectly from the fraudulent act. This includes frauds benefiting a group company or a client, provided the associated person performs services on behalf of the organisation.
- Defences: Organisations can defend themselves by proving they had reasonable fraud prevention procedures in place or that it was unreasonable to expect such procedures given the circumstances.

Bribery

The Bribery Act 2010 criminalises four distinct types of conduct (offences):

- bribing another person
- soliciting or accepting a bribe

- bribing a foreign public official, and
- (for a business only) failing to prevent bribery

Common to each of these offences are:

- •a financial or other advantage is given, promised or requested, and
- •there is improper performance of a function or activity Bribery is a form of corruption.

Corruption

Corruption means purposely doing an act which the law forbids as tending to corrupt. Any improper and unauthorised gift, payment or other inducement that is given in connection with the recipient's office or duties will likely be deemed to be corrupt.

The Bribery Act 2010 makes it possible for senior officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe. It also created the corporate offence of 'Failing to prevent bribery on behalf of a commercial organisation' (corporate liability). The Act requires organisations to have 'adequate procedures in place to prevent bribery.' This policy, plus our code of conduct and whistleblowing policy are designed to meet that requirement.

Theft

There are a range of offences defined under the Theft Act 1968. Under Section 1, a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it.

PURPOSE

The purpose of this policy is to set out the Council's commitment to preventing, detecting, and responding to fraud, corruption, theft, and bribery. It provides clear guidance to elected Members, employees, contractors, partner organisations, and the public on the Council's expectations and the responsibilities of all parties in upholding these standards.

SCOPE

This policy applies to:

- All Council employees and councillors.
- Partners, suppliers, contractors, and consultants.
- Residents and members of the public interacting with the Council.

AIMS

We aim to:

- reduce fraud, corruption, and losses within the Council to an absolute minimum and maintain that level,
- protect our valuable resources by ensuring they are not lost through fraud, bribery, corruption or theft but are used for improved services to Lincolnshire residents,
- promote our counter fraud culture which:
    - highlights our zero tolerance of fraud, corruption, and theft,
    - defines roles and responsibilities,
    - actively engages everyone – the public, councillors, staff, managers, and policy makers,
- proactively deter, prevent, and detect fraud, corruption, theft, and loss,
- investigate suspected or detected fraud, corruption, and theft,
- apply appropriate sanctions and recover all losses,
- provide recommendations to inform policy, system, and control improvements. This will reduce our exposure to fraudulent activity.

RESPONSIBILITIES

Clear roles and responsibilities are defined to ensure effective implementation and oversight of this Policy.

Chief Executive

- To be ultimately accountable for the effectiveness of the council's arrangements for countering fraud and corruption.
- To ensure the council promotes a culture that will not tolerate fraud or corruption.

Section 151 Officer

- To develop and maintain a Counter Fraud, Corruption and Bribery Policy in order to minimise the risk of fraud or financial irregularities occurring.
- To advise senior leaders of their responsibilities under the Policy.
- To ensure that a zero tolerance to fraud is applied.
- To ensure the council maintains adequate and effective internal control arrangements to prevent and detect fraud.
- To ensure that the council takes part in national counter-fraud measures, such as the National Fraud Initiative.

Monitoring Officer

- To advise Councillors and officers on ethical issues, standards, and powers to ensure that the Council operates within the law and statutory codes of practice.

Corporate Management Team

- To notify the Section 151 Officer immediately of any suspected fraud, bribery, corruption or theft, irregularity, improper use or misappropriation of the authority's property or resources.
- Take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- To ensure that potential irregularities remain confidential and to determine what action should be taken as a result of an investigation.
- To take immediate action to minimise the risk of any or further loss arising from actual or suspected fraud or financial irregularity.
- To follow the council's Disciplinary Procedures against any member of staff where the outcome of an investigation indicates improper behaviours.

Internal Audit

- To ensure that action is taken to improve controls and reduce the risk of fraud.

External Audit

- Subject to the concept of materiality, provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity.

Audit & Governance Committee

- To review the assessment of fraud risks and potential harm to South Holland District Council arising from fraud and corruption.
- To monitor the effectiveness of our financial regulations, procurement policy and procedures and other strategies for counter fraud and anti-bribery, whistleblowing and anti-money laundering.

All Council Officers

- To undertake their duties with honesty and integrity and lead by example in ensuring legislation and internal requirements are met.
- To ensure they and their staff do not implement any financial system or procedures that would compromise the council's financial controls, without written agreement by the Section 151 Officer.
- To ensure recruitment is conducted in accordance with the council's recruitment policy to ensure steps are taken to stop people with a history of dishonest behaviour being employed in positions of trust by the council.
- To complete the relevant Fraud Prevention, Anti-bribery and Money Laundering training as part of their induction training.

APPROACH

South Holland District Council adopts a proactive and robust approach to counter fraud, bribery, corruption, and theft, recognising the significant risks these pose to public services and the achievement of the Council's objectives. The Council's approach is underpinned by the principles set out in the national 'Local Government Fraud Strategy – Fighting Fraud and Corruption Locally,' which provides a framework for effective prevention, detection, and response FFCL - Strategy for the 2020s.pdf.:

The Council will fulfil its responsibility to minimize fraud, corruption, theft, and bribery through a strategic approach consistent with that outlined in the 'Local Government Fraud Strategy - Fighting Fraud and Corruption Locally,' the principles of which are the five key pillars of activity. The Pillars are outlined in the graphic above. The approach we will take towards these pillars of activity are as follows:

- We will continuously assess those areas most vulnerable to the risk of fraud in conjunction with our Risk Management arrangements and risk based Internal Audit reviews.
- We will maintain robust whistleblowing procedures which support those who come forward to report suspected fraud.
- All reports will be treated seriously and acted upon. We will not, however, tolerate malicious allegations.

- We will strengthen measures to prevent fraud – the Corporate Management Team will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed.
- We will promote and develop a strong counter fraud culture, raise awareness, and communicate activity on our counter fraud work.
- We will ensure our governance procedures identify responsibilities for decision making and rules of procedure and ensures the highest standards of conduct are practiced by staff, managers, directors, and those we do business with.
- We will carry out due diligence when appointing staff, carrying out relevant checks on references and qualifications and providing appropriate training.
- Through the Corporate Risk Management framework and risk based Internal Audit reviews we will identify potentially vulnerable areas.
- We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
- Our systems are designed to meet key control objectives and minimise the opportunity for fraud. We will continue to review systems and make sure appropriate internal controls are in place and adhered to and implement improvements.
- A crucial element of our response to tackling fraud is recovering any monies lost through fraud – this is an important part of our approach and will be rigorously pursued, where possible.
- We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
- We will investigate any fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders or received via the whistle blowing arrangements.
- We will review any cases of fraud we deal with and learn lessons to help minimise future instances of fraud.

Managers are responsible for making sure that all staff are familiar with the content of this policy. Under this Policy, it is the role of the Section 151 Officer to review the council procedures, incidents, and actions for handling allegations from whistle blowers, and Counter fraud corruption and bribery policy.

Communication plans and training are especially important in highlighting awareness, and the Senior Leadership Team and Managers have a key role to play in making sure this happens.

FRAUD RESPONSE PLAN

Reporting concerns of Fraud, Corruption and Bribery

We have a zero tolerance to all forms of fraud, corruption, bribery and theft. This means we will apply the toughest sanctions where fraud is proven – disciplinary and criminal.

Anyone who has a concern that a potential incident of fraud, corruption or bribery has arisen should always attempt to raise these concerns at the earliest opportunity. The Council acknowledges that this can be difficult and challenging to do in some cases and the Whistleblowing Policy has been established to provide those raising concerns with a safe avenue with which to do so. It also offers sources of advice and guidance that they may turn to. The Whistleblowing Policy can be found here. **(Link to be added once approved.)**

The Council has specific arrangements around dealing with Benefit Fraud. Details can be found by following this link: Benefit Fraud - South Holland District Council

What to do if you suspect fraud

Immediately report your suspicions to the following:

- Section 151 Officer (or Monitoring Officer if the S151 is involved)

Alternatively, you may also want to report your concerns using the whistleblowing facility:

  - whistleblowing@lincolnshire.gov.uk
  - whistleblowing hotline: 0800 0853716
  - confidential PO Box: Lincolnshire County Council, PO Box 640, Lincoln, LN1 1WF

Additionally, advice is available for staff via the Counter Fraud Advice Line. This is provided to the Council by LCC as part of their support package and the number can be found on the staff intranet.

Do:

- record your suspicions – write down what you have found, seen, and heard
- keep any evidence you have in a safe place until you can pass it to Counter Fraud Team, unless you risk alerting the suspect
- tell us who you are – we will want to talk to you as you may know more than you realise
- keep calm

Do not:

- delay - report the matter quickly
- approach or accuse individuals directly. You may alert them, and evidence may be destroyed
- tell anybody else – you do not know who may be involved
- investigate yourself – you may spoil the evidence and prevent a criminal prosecution

Safeguards

Harassment, bullying or victimisation

If you have raised your concerns in good faith, we will take action to prevent you from reprisal.

Confidentiality

If you feel it is necessary, we will try to protect your identity. This will not be possible if the investigation leads to criminal action.

Anonymous referrals

We do not encourage these as it affects our ability to investigate. However, we will always look into any case of suspected fraud.

Malicious referrals

If we find that your referral is malicious or has been made for personal gain, we will take action against you under our disciplinary policy or relevant agreement if you work for one of our partners.

How we will proceed

All suspected fraud must be reported using the process outlined above. The appropriate officer will assess the initial information and decide how to proceed. This will include the option to appoint an external investigator.

Potential outcomes

Criminal prosecution

The Section 151 Officer will authorise any referral to the police for investigation.

Disciplinary action

At the end of any investigation, a report will be requested, with recommendations based on the evidence gathered. If a disciplinary hearing is formed and fraud is proven, this could result in summary dismissal.

If an investigation concludes that there is no evidence of fraud, corruption, or bribery then there will be no case to answer.

Recovery through civil or criminal proceedings

We will seek to recover all losses subject to legal advice and where it is cost effective to do so. We will recover any loss caused by an employee through salary, pension, or insurance.

Weaknesses in the system of controls

Where appropriate, we will produce an action plan for the service area to:

- address any system or management weaknesses
- reduce the risk of fraud and error in the future

GOVERNANCE

This policy is to be reviewed at least every three years.

The Council's S151 Officer is authorised to make amendments to the Policy to ensure the Policy remains up to date and to reflect changes to CIPFA guidance and recommendations.

Version Control			
Issue No	**Author**	**Issue date**	**Reason For Issue**
1.0	Assistant Director – Governance & Monitoring Officer	TBC	Full update, plus alignment to a single Policy across the S&ELCP

Approval		
Issue	**Approval Authority**	**Approval Date**
1.0	Governance & Audit	TBC