

# Counter Fraud Framework

2022-2024



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

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# Counter Fraud Strategy

## Introduction

South Kesteven District Council has adopted a stance of zero tolerance to all forms of fraud, theft and corruption.

The aim of this strategy is to provide an effective framework to protect Council resources from fraud and corruption.

## The Corporate Plan

The Council's [Corporate Plan](#) sets out the Council's vision to "be the best district in which to live, work and visit".

The Corporate Plan has identified five key priorities for the Council:

1. Growth and our economy
2. Housing that meets the needs of all residents
3. Healthy and strong communities
4. Clean and sustainable environment
5. High-performing Council

Good governance is essential in the public sector to meet legal requirements and to uphold public expectations that we will make good use of resources.

Having a holistic approach to tackling fraud is part of good governance to minimise risks of fraud losses and financial irregularity against the Council. This means public money can be used for delivering the Council's priorities.

This strategy supports the Council's Corporate Plan, vision and key priorities. It will support the Council to provide good value services for local residents and communities.

## Our vision

We will protect South Kesteven District Council's resources from fraud and corruption. We have a culture where Officers are accountable for their actions, and are empowered to make decisions so that fraud risks are managed. There will be a zero tolerance to all forms of fraud, theft and corruption.

## Outcomes

We aim to:

- identify fraud risks as part of our management arrangements and evaluate what this means for the Council including any new and emerging risks
- ensure our Members and Officers have awareness of fraud and corruption risks, their impacts and what the Council does to minimise these risks
- ensure our counter fraud and anti-corruption measures are proportionate to risks
- develop and maintain a culture where Officers and Members are accountable for their actions
- help our Officers to feel empowered to make decisions so that fraud risks are managed well
- ensure effective internal control measures are in place to make it more difficult for fraud and error to occur
- demonstrate that the Council has taken steps to achieve fraud savings and recoveries – including sanctions where appropriate
- protect the wider public purse through strategic partnerships
- continue to deliver a best practice response, meeting professional guidance and responding to any changes in legislation

# Making it happen: our response to fraud

We acknowledge that there is an inherent risk of fraud and corruption against the Council. Strong governance and an ethical culture can build resilience against these risks.

We are clear on our vision to protect our resources from risks of fraud and corruption.

South Kesteven District Council will continue to take a zero tolerance stance to all forms of fraud, theft, bribery and corruption.

To help us deliver our vision, we have aligned our strategy and local response to national best practice. [Fighting Fraud and Corruption Locally \(FFCL\)](#) provides a national strategy in response to economic crime and fraud.

FFCL is endorsed by a range of organisations including the Local Government Association, CIPFA Counter Fraud Centre, SOLACE and counter fraud experts from numerous English local authorities.

Our response follows five pillars of activity:



Our response to fraud and corruption will be:

- Risk based following an assessment of fraud risks
- Proportionate to risks faced
- Completed with due diligence
- Communicated
- Monitored and reviewed

## Governance

The Council's Constitution sets out how the Council operates and how decisions are made. This includes a commitment to counter-fraud and anti-corruption:

“There is an expectation and requirement that all Members, Officers, consultants, contractors, and service users be fair, honest and act with the utmost of integrity at all times.

The Council is resolute that the culture and tone of the Authority is one of honesty and opposition to fraud and corruption.

There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council Officers or its agent(s) at all levels will lead by example in these matters.

The Council's Codes of Conduct for Members and Officers set out approaches to work that are honest, fair, accountable and, as far as possible, transparent. Members and Officers must act in line with the codes at all times”.

The Governance and Audit Committee is charged with monitoring the effectiveness of the Council's Financial Regulations, Contract Procedure Rules, Codes of Conduct and the Counter Fraud Framework which includes whistleblowing and anti-money laundering.

## Policy framework

We have developed policies to tackle fraud and corruption:

- Counter Fraud and Anti-Corruption Policy
- Fraud Response Plan
- Whistleblowing Policy
- Anti-Money Laundering Policy

We have also embedded counter fraud arrangements throughout our other policies, risk management arrangements and systems of internal control. These include:

- Risk Management Framework
- Officer and Member Codes of Conduct – including rules on avoiding and stopping conflicts of interest
- Conflict of Interest Register
- Financial Regulations
- Information Security Policy and Acceptable Use of ICT Assets Policy

This is supported across the wider governance framework. Arrangements to prevent fraud, bribery and corruption can be found in other policies and guidance documents and strategies. For example:

- Contract Procedure Rules
- Recruitment policies (verification of Officer identity)
- Safer Lincolnshire Handbook (strategic response to tackling fraud as part of serious organised crime)

This list is not exhaustive but demonstrates how our arrangements are holistically designed to support and embed a counter-fraud culture.

## Acknowledge

The Council recognises the inherent risk of fraud against public money.

### Horizon scanning: fraud risk assessment

It is important the Council understands its exposure to fraud as part of risk management arrangements.

The Section 151 Officer is responsible for communicating fraud risks and responses in annual reports to the Governance and Audit Committee. This will include an annual counter fraud report summarising what work has been delivered and the effectiveness of counter fraud and whistleblowing arrangements.

Fraud threats constantly evolve, so our response to fraud will be agile. We will respond in a proportionate manner, and where necessary make use of additional external resource. For example, our internal auditors and other specialist counter fraud professionals.

### Fraud control in emergency management

During emergency times, the Council's normal internal controls may need to change rapidly. Fraud risks may be heightened as fraudsters seek to exploit vulnerabilities and weak spots in temporary arrangements. During emergency times, we will apply the overarching principles:

- Acknowledge and accept risks are higher than normal
- Integration of fraud control resources in process design
- Implementation of control measures
- Carry out targeted post-event assurance work
- Control framework re-assessment following move following recovery

## Prevent and pursue

Fraud and corruption are unacceptable. Fraud prevention is everyone's responsibility. Our Counter Fraud and Anti-Corruption Policy provides a more detailed view of what we mean by fraud and corruption. The policy sets out:

- The Council's position with aims and objectives
- Scope ie who the policy applies to
- Steps including prevention, detection, investigations, recovery and sanctions
- Who is responsible for action
- How this will be monitored and reported

Our governance arrangements provide a framework for an anti-fraud culture. The Section 151 Officer will ensure we translate this high level strategy and our policies into action.

We will:

- communicate our zero tolerance stance to fraud and action we have taken against fraudsters
- raise fraud awareness – our policies, spotting risks, knowing how to act and publishing actions taken against fraudsters
- work with our internal auditors to ensure there are robust systems of internal control – risk based to manage risks found in our fraud risk assessment
- explore opportunities for use of technology, such as data matching
- collaborate strategically including participation in the National Fraud Initiative exercise
- promote the whistleblowing facility for reporting fraud concerns
- ensure fraud reports are followed up and investigated
- take steps for sanctions and redress following fraud incidents
- address lessons learnt following incidents of fraud or corruption

To help with this, the Council has access to specialist resource. This will be used to:

- develop and deliver an effective coordinated fraud awareness programme
- deliver savings and achieve outcomes which will reduce fraud
- share intelligence, access investigative resource, expertise and best practice

Plans will be developed each year so that the Council can respond to current and emerging risks where they are cross-cutting with other councils.

### **Preventing bribery and corruption**

We will ensure arrangements are embedded throughout policies and governance arrangements to prevent corruption. Specific guidance on how to conduct business through contract negotiations are included in the Contract Procedure Rules, and suppliers and partners are expected to comply with Council policies when delivering goods and services on behalf of the Council.

There are clear rules in the Codes of Conduct for Officers and Members about accepting gifts, hospitality or donations. Risks of bribery and corruption will be included in fraud risk assessments.

### **Reporting concerns**

Our Whistleblowing Policy sets out what should be reported and how you can do this. Contact details for reporting concerns are included within this policy. Resources are available to maintain our whistleblowing arrangements.

### **Investigation**

Counter Fraud and Anti-Corruption Policy is supported by a Fraud Response Plan which explains what to do if you suspect fraud or corruption and how we will deal with fraud concerns when they are reported.

This sets out our intent to investigate and,

where fraud is found, to apply sanctions and seek redress. We will ensure investigation resource is made available to follow up fraud concerns.

## **Protect**

Our actions to prevent and pursue fraud and corruption against the Council are designed to protect Council resources. We recognise fraud can also cause harm in the wider community. We will work in collaboration with our strategic partners to protect both the Council and its residents from fraud.

South Kesteven District Council is one of the partner organisations of the [Safer Lincolnshire Partnership](#) (SLP). The SLP is the single multi-agency forum for addressing community safety issues across Lincolnshire.

The SLP has identified tackling serious organised crime as a strategic priority. This includes fraud. Their current work is focused on preventing fraud and scams against members of the public, and ensuring individual victims are supported.

# Counter Fraud and Anti-Corruption Policy

## Introduction

South Kesteven District Council has a zero tolerance stance to all forms of fraud, theft, bribery and corruption, both from within the Authority and from external sources.

We recognise that fraud can:

- undermine the standards of public service that the Council is attempting to achieve
- reduce the level of resources and services available for the residents of the District
- result in major consequences which reduce public confidence in the Council
- impact on the Council's reputation

We are committed to the highest possible standards of openness, probity, honesty, integrity and accountability. We expect all Officers, Members and partners to apply these standards which are included in the Codes of Conduct, supported by the Council's values to be professional, respectful, resourceful and reflective.

We will protect our resources from risks of fraud and corruption. We will seek to deter and prevent fraud, corruption and theft to ensure that all risks in these areas are reduced to the lowest level possible. Where we suspect or detect fraud, theft or corruption we will thoroughly investigate and deal with any proven fraud in a consistent and balanced way. We will apply appropriate sanctions against those committing fraud and will attempt to

### Fraud



A deception which is deliberate and intended to provide a direct or indirect personal gain. The term "fraud" can include criminal deception, forgery, blackmail, corruption, theft, conspiracy or the covering up of material facts and collusion. By using deception a fraudster can obtain an advantage, avoid an obligation or cause loss to another party.

### Bribery



Offering, promising, giving, demanding or accepting an unearned reward to influence an official to gain advantage. This can include gifts, hospitality, fees, rewards, jobs, favours or preferential treatments and is a form of corruption.

### Corruption



The deliberate misuse of your position for direct or indirect personal gain. "Corruption" includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else. 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). To protect itself against the corporate offence the Act also requires organisations to have "adequate procedures in place to prevent bribery". This policy statement, the Codes of Conduct and Whistleblowing Policy are designed to meet that requirement.

### Theft



Where someone steals cash or other property. A person is guilty of "theft" if they dishonestly take property belonging to someone else and has no intention of returning it.



recover all losses.

## Scope

This policy applies to:

- All Council employees and Members
- Council partners
- Council suppliers, contractors and consultants
- South Kesteven District Council residents

## Aims and objectives

We aim to:

- reduce fraud and corruption losses within the Council to an absolute minimum and maintain that level
- protect the Council's valuable resources by ensuring they are not lost through fraud or corruption but are used for improved services to the District's residents
- promote our counter fraud culture which highlights the Council's zero tolerance of fraud, theft and corruption, which defines roles and responsibilities and actively engages everyone – the public, Members, Officers, managers and policy makers
- provide a best practice counter fraud service which proactively deters, prevents and detects fraud, corruption and theft and investigates suspected or detected fraud, corruption and theft to enable the Council to apply appropriate sanctions and recover all losses
- provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity
- work with strategic partners to protect against harm that fraud can do in the community

## Principles

We will not tolerate abuse of our services or resources and have high expectations of propriety, integrity and accountability from all parties identified within this policy.

We will ensure that the resources dedicated to our counter fraud activities are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards.

Fraud and corruption are crimes and will result in disciplinary, legal and/or criminal action against the individual/s concerned. We will ensure consistency, fairness and objectivity in all our investigation work – everyone will be treated equally.

We want everyone to report any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action.

We will work with our partners (eg the police and other investigative bodies) to strengthen and continuously improve our arrangements to counter fraud and corruption.

We will protect public funds and will collaborate with strategic partners to protect against harm that fraud can do in the community.

## Responsibilities

The Council's Constitution sets out how the Council operates and how decisions are made. This includes a commitment to counter-fraud and anti-corruption. Specific roles and responsibilities are identified in the Constitution and Financial Regulations.

Stakeholder	Responsibilities
<b>Chief Executive</b>	<ul style="list-style-type: none"> <li>■ Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption</li> </ul>
<b>Monitoring Officer</b>	<ul style="list-style-type: none"> <li>■ Advise Members and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice</li> </ul>
<b>Section 151 Officer</b>	<ul style="list-style-type: none"> <li>■ Develop and maintain the Counter Fraud Framework, supported and approved by the Governance and Audit Committee</li> </ul>
<b>Governance and Audit Committee</b>	<ul style="list-style-type: none"> <li>■ Review the assessment of fraud risks and potential harm to the Council from fraud and corruption</li> <li>■ Monitor the effectiveness of the Council's Financial Regulations, Contract Procedure Rules and other policies for counter fraud and anti-bribery, whistleblowing and anti-money laundering</li> <li>■ Promote high standards of conduct amongst Officers and Members</li> </ul>
<b>Members</b>	<ul style="list-style-type: none"> <li>■ Support and promote the development of a strong counter fraud culture</li> </ul>
<b>External Audit</b>	<ul style="list-style-type: none"> <li>■ Subject to the concept of materiality, provides reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity</li> </ul>
<b>Section 151 Officer and Governance &amp; Risk Officer</b>	<ul style="list-style-type: none"> <li>■ Report significant matters of fraud or financial irregularity to the Head of Paid Service (Chief Executive), the Executive and the Governance and Audit Committee</li> <li>■ Develop and implement the Counter Fraud Framework and promptly investigate cases of suspected fraud reported under this policy, via the whistleblowing arrangements or the National Fraud Initiative</li> <li>■ Make recommendations to improve controls and reduce the risk of fraud in the future</li> <li>■ Maintain whistleblowing reporting arrangements</li> <li>■ Ensure that where fraud is found proportionate action is taken for sanctions and redress</li> </ul>
<b>Directors</b>	<ul style="list-style-type: none"> <li>■ Ensure that this policy is adhered to and that they assess the risk of fraud, corruption and theft in their service areas – reducing risks by implementing strong internal controls</li> <li>■ To report all suspected fraud or financial irregularity in accordance with the Fraud Response Plan</li> </ul>
<b>Heads of Service</b>	<ul style="list-style-type: none"> <li>■ Promote Officer awareness, refer all suspected fraud in accordance with the Fraud Response Plan and apply the policy of zero tolerance. Ensure that they assess the risk of fraud, theft and corruption in their service areas and reduce these risks by implementing strong internal controls</li> </ul>
<b>Officers</b>	<ul style="list-style-type: none"> <li>■ Comply with Council policies and procedures, to be aware of the possibility of fraud, theft and corruption, and to report any genuine concerns to management, the counter Fraud Investigation Team or via the Whistleblowing arrangements</li> </ul>
<b>Public, Partners, Suppliers, Contractors and Consultants</b>	<ul style="list-style-type: none"> <li>■ Be aware of the possibility of fraud and corruption against the Council and report any genuine concerns/suspicious</li> </ul>

# The Council's approach for countering fraud and corruption

We will fulfil our responsibility to reduce fraud and protect our resources by taking a strategic approach consistent with that outlined in the Local Government Fraud Strategy – Fighting Fraud and Corruption Locally. We will produce a Counter Fraud Framework to set out how we intend to turn the five pillars of activity into priority areas for action to protect South Kesteven District Council resources from fraud.

## Outcomes

Investigation activity itself does not represent the outcomes of our counter fraud work. We recognise that by preventing fraud we will reduce losses and the delivery of our counter fraud work plan will improve overall outcomes and achieve the aims and objectives of this policy. We will measure the effectiveness of our counter fraud arrangements by focusing on outcomes such as:

- high levels of fraud awareness
- zero tolerance to fraud (number of referrals/disciplinary results)
- reduced losses
- levels of recovery
- levels of reporting
- delivery of the annual counter fraud work plan (ensuring best practice)
- reducing the risk of fraud
- successful prosecutions and other sanctions

## Reporting advice and support

If you genuinely believe that someone is committing a fraud or you suspect corrupt practices, these are your reporting options:

- your line manager (or a more senior manager if you suspect your line manager is involved)
- a member of the Statutory Officers Group:

### **Karen Bradford – Chief Executive**

[karen.bradford@southkesteven.gov.uk](mailto:karen.bradford@southkesteven.gov.uk)

### **Graham Watts - Assistant Director (Governance and Public Protection) and Monitoring Officer**

[graham.watts@southkesteven.gov.uk](mailto:graham.watts@southkesteven.gov.uk)

### **Richard Wyles – Deputy Chief Executive and Section 151 Officer**

[richard.wyles@southkesteven.gov.uk](mailto:richard.wyles@southkesteven.gov.uk)

- Whistleblowing facility:

 **Report Fraud Online** or

 **Email:**  
[reportfraud@southkesteven.gov.uk](mailto:reportfraud@southkesteven.gov.uk)

To avoid potentially contaminating the evidence, managers should not investigate themselves and instead immediately report all suspicions of fraud or corruption to the Statutory Officers Group – refer to the Council's Fraud Response Plan for more detail.

We will treat all concerns or suspicions with discretion and in confidence. Our Fraud Response Plan (Appendix B) sets out how to report concerns and how we will handle reports.

# Appendix A – Whistleblowing Policy

## Introduction

At South Kesteven District Council we want to ensure we are providing excellent services to the residents of our District. Our Officers, Members, partners and contractors have an important role to play in achieving this goal and we expect everyone to be committed to our high standards of service which are based on the principles of honesty, openness and accountability.

We know we face the risk that something may go wrong or that someone may ignore our policies, procedures or the law, resulting in some very serious consequences. Experience shows that Officers, or others who work on behalf of an organisation, often have worries or suspicions and could, by reporting their concerns at an early stage, help put things right or identify and stop potential wrongdoing.

A whistleblower is generally a term used for a person who works in or for an organisation and raises an honest and reasonable concern about a possible fraud, crime, danger or other serious risk that could threaten colleagues, service users, customers, members of the public or the success and reputation of the organisation. We want you to feel that it is safe and acceptable to tell us about your concerns so that we can investigate and take action as soon as possible. We recognise that you may be worried about reporting for a number of reasons:

- fear of reprisal or victimisation (eg loss of job)
- too much to lose (reputation, damage to career etc)
- feelings of disloyalty
- worries about who may be involved
- you have no proof only suspicions
- fear of repercussions if there is no evidence or you are proved wrong

We welcome all genuine concerns and will treat your issues seriously. This policy explains how to raise a concern, the types of activity you should report, the protection we can provide, confidentiality, our response and how you can take matters further, if necessary.

We want to assure you that there is no reason to remain silent – your decision to talk to us may be difficult but, if you believe what you are saying is true, you have nothing to fear as you are following the Council's Code of Conduct that applies to you and helping to protect the users of our services and the residents of our District. We will not tolerate any harassment or victimisation and we will take action to protect those of you who raise concerns that you believe to be in the public interest.

UK law protects employees from dismissal, harassment or victimisation if such treatment occurs as a result of having made a whistleblowing disclosure considered to be in the public interest. In addition to the employer's liability, the individual who subjects the employee to such treatment may also be held personally liable.

This policy does not replace our existing employment policies: grievance, dignity at work and disciplinary. You should use these policies if you have a personal grievance or are unhappy with the way you are being treated. Our whistleblowing arrangements are not intended to give you a further opportunity to pursue a grievance or complaint once you have exhausted the relevant employment procedures.

You may be a member of the public with concerns or information which you think we should know about or look into. You should, however, follow the [Customer Feedback Process](#) if your concern is about a particular service that we have provided you.

## Scope

You can use our whistleblowing arrangements if you are a Member, Council employee, a contractor, partner or member of the public. Our policy also applies to agency staff, contractors and suppliers providing goods or services to, or on behalf of, the Council.

Our whistleblowing arrangements do not replace the following:

- Customer Feedback Process
- Disciplinary Policy
- Grievance Policy
- Child Protection Safeguarding reporting
- Adult Care Safeguarding reporting

You should only consider raising concerns through our whistleblowing arrangements if:

- you have genuine reasons why you cannot use the above policies and procedures
- you have reason to believe that these policies are failing or are not being properly applied
- there is a public interest aspect

## Protection and confidentiality

Whistleblowing law is contained in the Public Interest Disclosure Act 1998 (PIDA – amended by the Enterprise and Regulatory Reform Act 2013). Public bodies, such as this Council, are required to have a whistleblowing policy and to ensure that employees are not victimised or dismissed for raising their concerns internally. This also applies to those who, as a last resort, feel the need to take their concerns to an outside body, such as the Local Government Ombudsman.

Members of the public who raise concerns are not legally protected by PIDA, so we do offer the option for the person making the allegations to withhold their identity at the time concerns are raised.

You may feel that the only way you can raise your concerns is if we protect your identity. If the whistleblower does choose to disclose their identity, we will respect confidentiality as far as possible, but there are times when we cannot guarantee this, for example, where a criminal offence is involved or if there are child protection or adult safeguarding issues.

We will attempt to ensure the whistleblower's identity is not disclosed to third parties and information will not be disclosed unless the law allows or compels us to do so, for example in order to comply with a court order. If the information you provide includes personal information about another person, then that person may be entitled to access it under subject access provisions of the Data Protection Act or General Data Protection Regulations (GDPR). If releasing that information could reveal identifying information about the whistleblower, we will always ask for your consent prior to releasing the information.

We will not tolerate any harassment or victimisation (including informal pressure) and we will take action to protect you when you raise a concern believed to be in the public interest. We will take any disciplinary or corrective action should anyone attempt to victimise the whistleblower or prevent concerns being raised. If we proceed to a formal investigation, we may require you to give evidence along with other employees and witnesses. We are, in some circumstances, able to do this without disclosing the identity of the whistleblower. A statement from you may also be required as part of criminal proceedings or Employment Tribunal – this depends on the nature of the concern.

If your whistleblowing disclosure results in an internal investigation, and you provide a witness statement under that process, your statement may be used for disciplinary purposes. This means your statement may be given to the subject as part of a disciplinary hearing. An employee subject to the disciplinary process can ask to see personal information held about them at any time under the subject access

provisions of the Data Protection Act – this may include information within your statement. If it is possible to provide access to personal information within your statement without revealing any information about you, we will do so. If this is not possible, we will always seek your consent before releasing any information.

If your statement is not required for disciplinary purposes it will be held confidentially on our case file (until the case file is destroyed after seven years) and released only with your consent or a Police/Court Order.

The Council does not expect you to give us your consent – this is your decision alone – but we are required by law to ask you. The Council does not need a reason should you choose to refuse the request.

If you find yourself the subject of a whistleblowing disclosure, and a decision is made to investigate, the Council will follow the appropriate employment procedure: grievance, dignity at work or disciplinary. This means you will have all the rights contained in that procedure, such as the opportunity to respond to the allegation and representation at the investigatory interview.

## What you should report

We encourage you to use our whistleblowing arrangements for issues such as:

- conduct which is a criminal offence or breach of law
- a breach of our Code of Conduct for Officers or Members
- sexual, physical or verbal abuse of our clients, employees or public
- dangerous procedures risking the health and safety of our clients, employees or public
- unauthorised use of public funds
- suspected fraud or corruption
- damage to the environment (eg land, buildings, water, air, waste, energy,

transport, natural habitat etc)

- unethical or improper conduct
- services that fall seriously below approved standards or practice
- failure to follow the Council's policies and procedures

## Anonymous or untrue allegations

We do not encourage anonymous reporting as the concerns are more difficult to investigate and are generally less powerful. We would like you to put your name to the allegations whenever possible and remind you of the protection we can provide if we know who you are.

Anonymous whistleblowing referrals will be considered at the discretion of the Officers handling your concern, in consultation with the service area, where appropriate. This discretion will be based on the:

- seriousness of the issues raised
- credibility of the concern
- likelihood of confirming the allegation from an attributable source
- evidence base

It may be that our investigations do not confirm your allegation. We take all concerns seriously and can assure you that no action will be taken against you if you have raised a concern in the genuine belief that it is, or may be, true.

If we find that you have maliciously made a false allegation we will take action and you will not be eligible for protection under PIDA.

## How to raise a concern

We encourage you initially to raise your concern internally – this allows the Council the opportunity to right the wrong and explain the behaviour or activity. We also advise Officers to report any allegation to their line manager. We recognise

that your first actions will depend upon the seriousness and sensitivity of the issues and who you believe to be involved. We advise that you make it clear that you are raising your concerns under the Council's whistleblowing arrangements – this will help managers respond in line with this policy (see Whistleblowing Process Flowchart).

**If you are in any doubt about what you should do, you can contact:**

**Karen Bradford – Chief Executive**  
karen.bradford@southkesteven.gov.uk

**Graham Watts - Assistant Director  
(Governance and Public Protection) and  
Monitoring Officer**  
graham.watts@southkesteven.gov.uk

**Richard Wyles – Section 151 Officer**  
richard.wyles@southkesteven.gov.uk

You may wish to raise the matter in person, and you can do this by using one of the contacts above or alternatively you can contact the Council's confidential Whistleblowing facility.

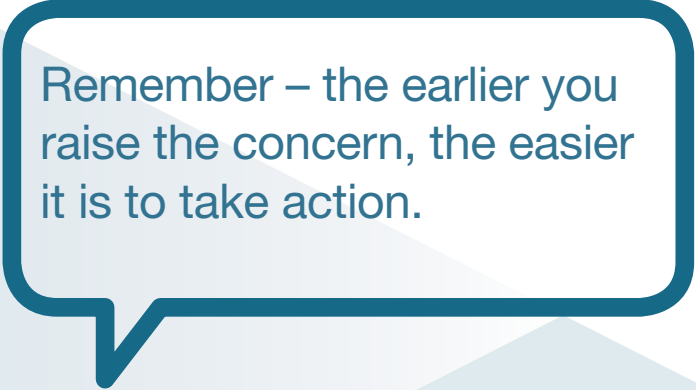
Concerns are better submitted in writing – we need the background and history of your concern, giving names, copies of any documents, dates and places (where possible).

We would like you to explain why you are concerned about the situation – we do not expect you to prove the truth of an allegation, but you will need to show that there are sufficient grounds for your concern.

You can write directly to one of the Officers named on previous page or you can use the Whistleblowing facility to **Report Fraud Online** or email [reportfraud@southkesteven.gov.uk](mailto:reportfraud@southkesteven.gov.uk)

Officers have the option to seek independent advice from their trade union representative or professional association or can invite a work colleague to raise a concern on their behalf. Further advice may be sought from [Protect](#)

(formerly known as Public Concern at Work) the whistleblowing charity.



Remember – the earlier you raise the concern, the easier it is to take action.



## How we will respond

Our response will depend on the nature of the concern raised and may be:

- advice only
- resolved by agreed action without the need for investigation
- investigated internally (by management or other independent investigators)
- referred to the police if a criminal matter
- referred to the external auditor
- the subject of an independent inquiry
- referred to the relevant safeguarding team (child protection or vulnerable adults)

The officer receiving the whistleblowing allegation (if a major issue) will immediately notify the Section 151 Officer for discussion with the Statutory Officers Group.

We may carry out initial enquiries in order to protect individuals or employees and those accused of wrongdoing. We will use the results of these enquiries to decide whether an investigation is needed and if so, what form it should take. If urgent action is required this will be taken before we start any investigation.

Concerns of fraud, bribery or corruption will be followed up by the Governance & Risk Officer. If

there are other serious concerns of a potentially criminal nature, the complaint will be referred to the Council's Statutory Officers Group. They will determine whether the concern should be referred to the police directly by the Council.

If the Statutory Officers Group decides that the matter should be referred to the police by the Council, advice will be sought from the police to establish if a simultaneous internal investigation can be conducted, and whether or not they consent for the subject of the complaint to be informed of allegations.

The Council's Code of Conduct requires employees to notify their line manager immediately of any criminal investigation. Failure to do so could result in disciplinary action being taken.

We will acknowledge your whistleblowing disclosure within five working days. Within the next 10 working days we will write and explain how we propose to deal with the matter. The whistleblower will be:

- given an estimate of how long it will take to provide a final response
- told if initial enquiries have been made
- told if further investigation is required, and if not, why not (where appropriate)



- given details of support mechanisms
- advised of the investigating officer (where appropriate)
- advised how we will inform you of progress

The amount of contact between you and the investigating officer considering your whistleblowing disclosure will depend on the nature of the concerns raised. For example, if further investigation is required, the investigator may need to seek additional information from you.

If a meeting is necessary, this can be held off site if preferred. If you are an employee you will have a right to be accompanied – this can be a union representative or work colleague (not involved in the area where the concern exists). If you are not an employee you may wish to bring a friend with you – a neutral venue can be arranged, where required.

We will help with any difficulties you may experience as a result of raising a concern – we will, for example, provide advice if you are required to give evidence for criminal or disciplinary proceedings. Sometimes whistleblowers have counter-allegations made against them. The Council has a duty to investigate any concerns that it receives and that will apply in these circumstances. However this will not detract from the principles, as set out in this policy, which govern how the Council will respond to whistleblowers. The overriding objective will be to establish the truth.

Records will be retained of all work carried out and actions taken to address the concerns raised by the whistleblower, including the investigator's case file, where relevant. All files will be held securely and confidentially, in accordance with the Council's retention of records policy.

At the end of our investigations we will provide feedback to the whistleblower (if known) on actions taken and limited detail on the outcome of investigations. Feedback will be subject to legal constraints, but we do recognise the importance of providing you with assurances that the matter has been dealt with properly.

## Taking the matter further

If you have genuine concerns about how we have handled your whistleblowing disclosure you can raise this with the investigating officer and/or the Monitoring Officer. We hope that you will be able to reach a suitable conclusion to the matter but if you remain dissatisfied you can contact the Council's external auditors:



KPMG LLP (UK), 1 Sovereign Street,  
Leeds, LS1 4DA

You may also refer your concern to the [Local Government Ombudsman](#) – they generally do not take any action until the matter has been dealt with internally first.

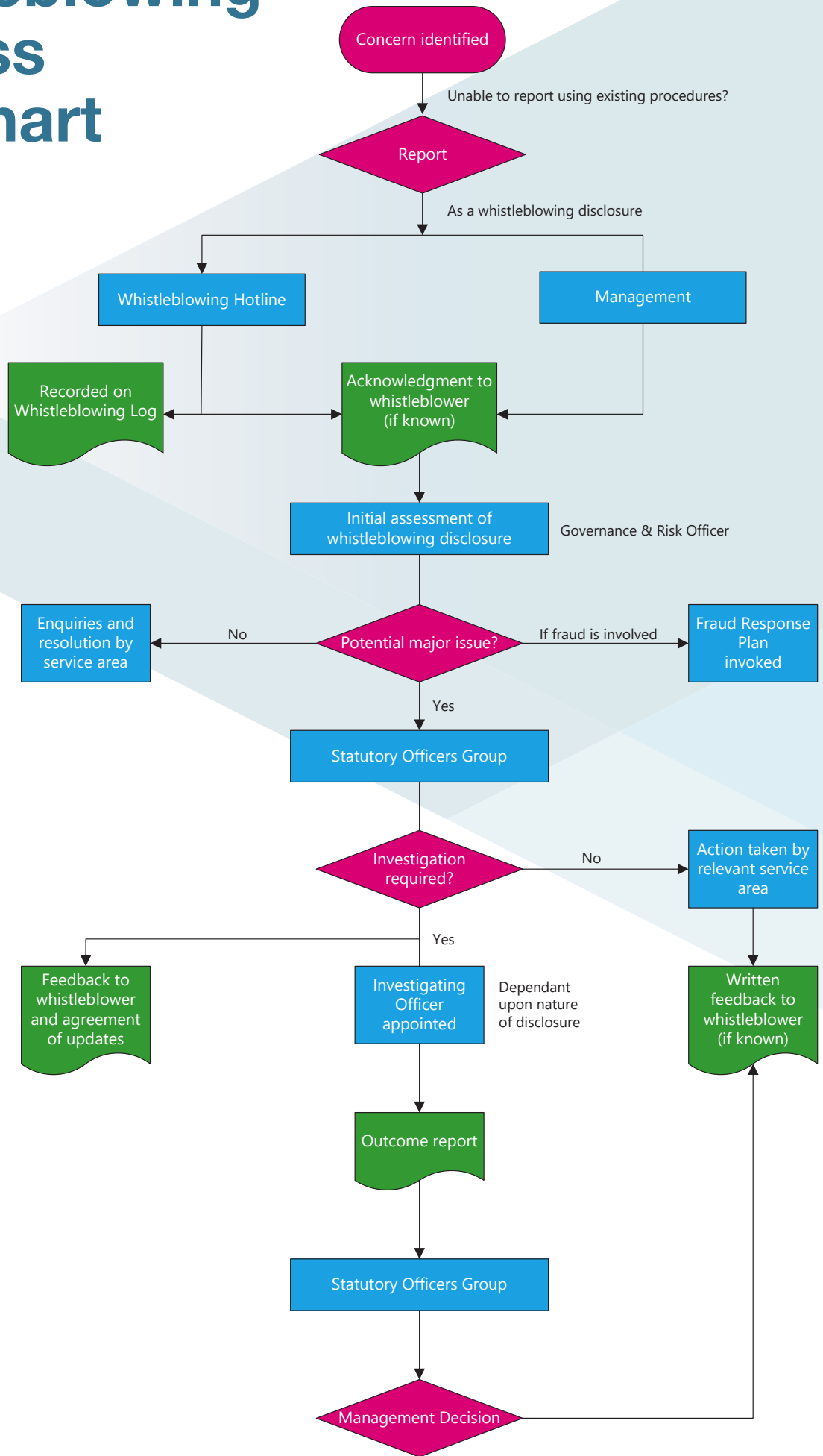
We would remind you that employees are not to report any Council related issues to the media – to do so may be considered a breach of the Council's Disciplinary Policy and Code of Conduct.

## Monitoring

The Section 151 Officer will provide an annual report to the Council's Governance and Audit Committee which has responsibilities for overseeing the effectiveness of the Council's governance arrangements. All reporting will be anonymised and will only identify common themes, numbers of disclosures year on year and will highlight actions taken to improve systems and policies.

The Council's Statutory Officers Group will monitor the effectiveness of this policy and take the necessary action.

# Whistleblowing Process Flowchart



# Appendix B – Fraud Response Plan

## Introduction

1. The Council has a zero tolerance to all forms of fraud, theft and corruption. We will apply the toughest sanctions where fraud is proven – disciplinary and criminal.
2. This Fraud Response Plan is part of the Counter Fraud Policy, and our aim is to reduce fraud and loss to an absolute minimum and keep it there.
3. You should follow this response plan if you are an Officer, Member, partner, contractor or South Kesteven District Council resident. We all have a responsibility to report any suspicion of fraud and to cooperate in any investigation, if necessary. If you work for the Council, and fail to report your suspicions, you may be in breach of our Counter Fraud Policy and action may be taken against you or your organisation.
4. Fraud is a crime and involves a deception which is deliberate and intended to provide a direct or indirect personal gain eg false expenses, exaggerated pay claims, altering accounting records, bogus invoices, forged cheques, fixing tender results, contract irregularities etc.
5. Corruption is the deliberate misuse of your position for direct or indirect personal gain such as: offering, giving, requesting or accepting a bribe or reward which influences your actions or someone else's.
6. Theft is where someone steals cash or other property belonging to someone else with no intention of returning it.
7. This guidance only tells you what to do if you suspect fraud – for other concerns you should refer to: grievance, dignity at work, disciplinary, or corporate complaints policies. Alternatively, you can report fraud suspicions using our Whistleblowing Policy.

## What you should do if you suspect fraud (also see flowchart)

8. Immediately report your suspicions by:



Contacting your line manager (or more senior manager if you think they may be involved)

- Whistleblowing facility:

 **Report Fraud Online** or

 **Email:**  
[reportfraud@southkesteven.gov.uk](mailto:reportfraud@southkesteven.gov.uk)



delay – report the matter quickly	record your suspicions – write down what you have found, seen and heard
approach or accuse individuals directly – you may alert them, and evidence may be destroyed	keep any evidence you have in a safe place until you can pass it to the investigating officer unless you risk alerting the suspect
tell anybody else – you don't know who may be involved	tell us who you are – we will want to talk to you as you may know more than you realise
investigate yourself – you may spoil the evidence and prevent a criminal prosecution	keep calm

## Safeguards

9. Harassment, bullying or victimisation – if you have raised your concerns in good faith we will take action to prevent you from reprisal.
10. 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.
11. Anonymous referrals – we do not encourage these as it affects our ability to investigate, but we will always look into any case of suspected fraud.
12. Malicious referrals – if we find that your referral is malicious or has been made for personal gain, we will take action against you under the Council's Disciplinary Policy or relevant agreement if you work for one of our partners.

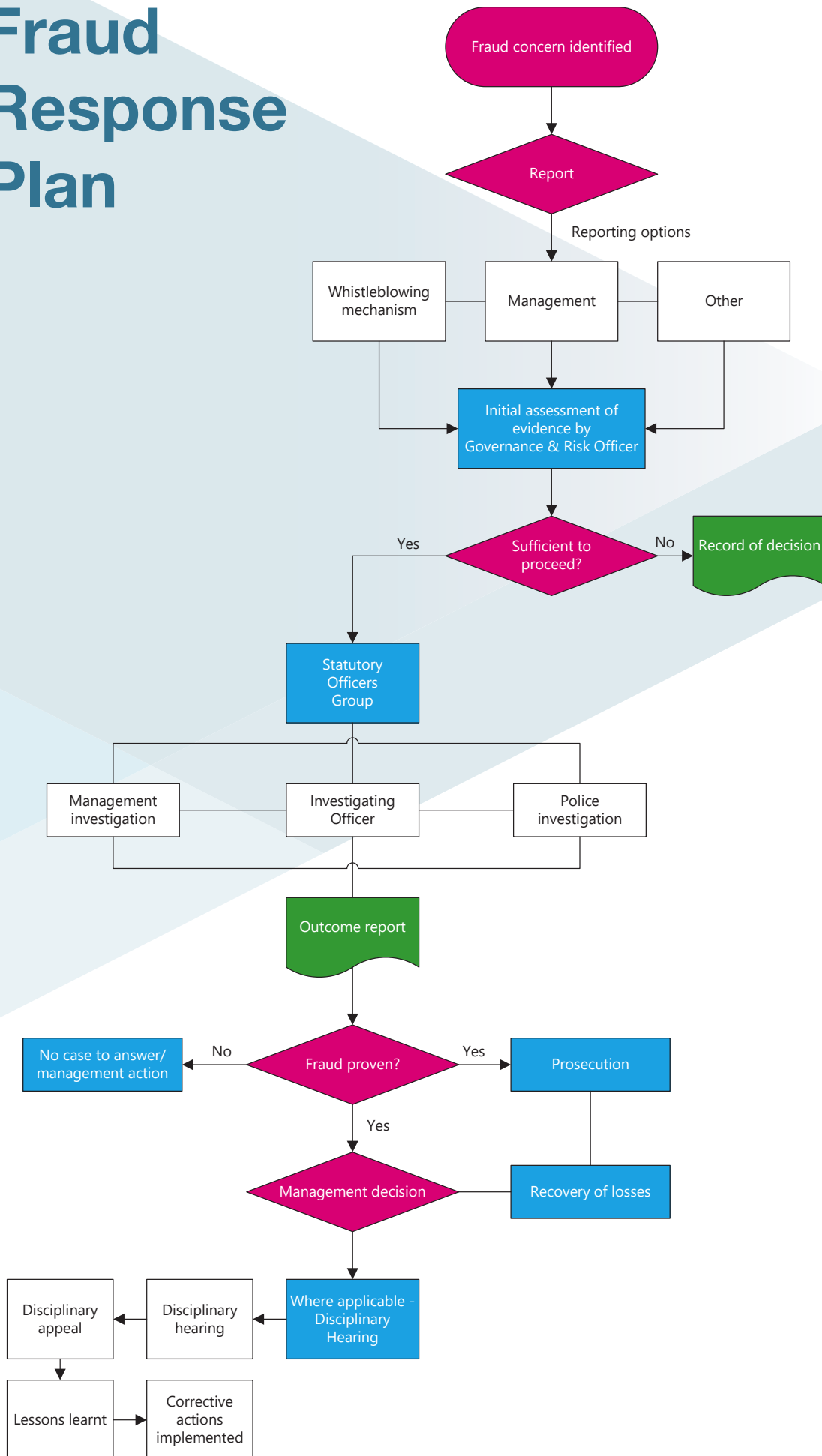
## Investigation

13. All suspected fraud must be referred to the Council's Statutory Officers Group.
14. Statutory Officers Group will assess the initial information and decide how to proceed. This will include a strategy meeting with the relevant manager.
15. Following best practice the investigating officer will investigate most cases of suspected fraud – management may investigate low level fraud involving an employee after consultation with Statutory Officers Group.

## Potential outcomes

<b>Criminal prosecution</b>	The Statutory Officers Group will authorise the referral to the police for investigation
<b>Disciplinary action</b>	At the end of the investigation the investigating officer will produce an outcome report. If this involves an employee, and fraud is proven, the likely outcome will be dismissal. If fraud is not proven there may still be matters which need to be considered under the Council's disciplinary procedures
<b>Recovery through civil or criminal proceedings</b>	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
<b>Weaknesses in the system of controls</b>	We will produce an action plan to address any system or management weaknesses and to reduce the risk of fraud and error in the future

# Fraud Response Plan



# Appendix C – Anti-Money Laundering Policy

## Introduction

South Kesteven District Council is committed to preventing the Council and its employees being exposed to money laundering, to identify the risks where it may occur and to comply with legal and regulatory requirements.

The Proceeds of Crime Act 2002, Terrorism Act 2000 and Terrorist Financing and Transfer of Funds Regulations 2017 places obligations on the Council and its employees to ensure procedures are in place to prevent services being used for money laundering or terrorist financing.

Money laundering is linked to Terrorist Financing – this is the process by which terrorists fund operations in order to perform terrorist acts. Terrorists need financial support to carry out their activities and achieve their goals.

Any business in any sector can be subject to money laundering risks – local government is no exception.

## Definition

Money laundering is the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin in order that they can be retained permanently or recycled into further criminal enterprises.

Money laundering often involves three steps:

<b>Placement</b>	'Dirty' cash is introduced into the financial system
<b>Layering</b>	Proceeds are moved through a series of transactions to conceal the illegal source
<b>Integration</b>	Legitimate explanation for the source of funds is created and financial wealth can be retained, and potentially invested, or assets acquired

Money laundering may range from a single act to complex and sophisticated schemes involving multiple parties.

## Scope

All employees should be vigilant for signs of money laundering.

This policy applies to all employees of South Kesteven District Council and sets out procedures to be followed when there are suspicions of money laundering activity. Not all Officers will need detailed knowledge of the criminal offences covered by the legislation although some employees will require additional guidance to ensure awareness of money laundering.

The policy is consistent with other Council policies including the Counter Fraud Policy and the Whistleblowing Policy.

Failure by a Council employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them.

# Objectives

The policy outlines the Council's arrangements around:

- Role of the Money Laundering Reporting Officer (MLRO)
- Arrangements to receive and manage concerns of Officers about money laundering and to make reports to the National Crime Agency (NCA) where required
- Ensuring those Officers most likely to be exposed to money laundering situations are aware of the requirements placed on the organisation and them as individuals by the relevant legislation
- Procedures designed to prevent money laundering
- Provision of training to those most likely to encounter money laundering

## Money Laundering Reporting Officer (MLRO)

The Council is also required to ensure a Money Laundering Reporting Officer (MLRO) is appointed to receive disclosures from employees of money laundering activity.

The nominated Officer at South Kesteven District Council to receive disclosures about money laundering activity is Richard Wyles, Section 151 Officer (email [richard.wyles@southkesteven.gov.uk](mailto:richard.wyles@southkesteven.gov.uk)).

The main functions of the MLRO are:

- Produce written risk assessment for the business
- Point of contact between the business and NCA
- Receive notifications of potential terrorist money laundering or terrorist financing
- Analyse notifications to reach decision on whether to file a Suspicious Activity Report (SAR)
- Consider Officer training needs
- Responsibility for policies and controls
- Guardian of records relating to SARs

## Reporting concerns to the Money Laundering Reporting Officer (MLRO)

Officers that know or suspect they may have encountered criminal activity and that they may be at risk of contravening the legislation in place, should contact the MLRO to notify their concerns – the disclosure should be made at the earliest opportunity. Confidentiality does not apply if money laundering is at issue.

The employee must follow any subsequent instructions made by the Council's MLRO – no further enquiries into the matter may be taken without authorisation from the MLRO.

All disclosure reports made to the MLRO (and the reports submitted to the NCA) must be retained by the MLRO for a minimum of five years – the MLRO will keep a record of all referrals received and any action taken to ensure an audit trail is maintained. The Money Laundering Disclosure Form should be used to record any action taken.

## Reporting to the National Crime Agency (NCA)

The disclosure will be noted by the MLRO, and they will evaluate the information provided to identify if there are reasonable grounds for suspicion of money laundering. The MLRO may commence an investigation to enable a decision on whether to report the matter to the NCA.

If a decision is made to submit a report, the NCA provide forms for completion to enable a SAR to be submitted. The MLRO must promptly make a Suspicious Activity Report (SAR) to the [National Crime Agency](#).

If the MLRO know or suspect that a person is engaged in money laundering and they do not disclose this to the NCA, they are committing a criminal offence. Care should be taken that the client suspected of money laundering is not alerted that a report has been made to the NCA – tipping off is a specific offence under the Proceeds of Crime Act 2002.

If no report is made, the reasons for this must be recorded by the MLRO.

# Money laundering offences

There are three principal money laundering offences under Proceeds of Crime Act 2002.

An offence is committed if a person knows, or suspects property has been purchased with the proceeds from a criminal act and:

- conceals, disguises, converts or transfers or removes the property from the UK – Section 327
- enters into arrangement which they know, or suspect, will facilitate another person to acquire, retain, use or control that property – Section 328
- acquires, uses or possesses the property – Section 329

Property can include money, real or moveable property including inherited assets and also intangible property (eg mortgages, leases, rights etc).

The money laundering offences are aimed at criminals and their associates, but any person can be caught by the offences if they suspect money laundering and either become involved or do nothing about it. It is not necessary to have benefitted in any way to be guilty of the offences.

The key requirement for Council employees and partners is to promptly report (Section 337 disclosure) any suspected money laundering activity to the Council's MLRO. While the risk to the Council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities as serious criminal sanctions can be imposed for breaches of legislation.

Section 337 of the Proceeds of Crime Act 2002 provides protection to employees when they report suspected money laundering. There are conditions to this:

- the information must come to the employee's notice in the course of their trade, profession, business or employment and

- causes the employee to know or suspect (or give reasonable ground to know or suspect) that another person is engaged in money laundering and
- the disclosure is made to a constable, customs officer or the nominated MLRO

It is also important to note that when a proposed act or transaction is a suspected money laundering offence anyone knowing or suspecting money laundering who is then involved in the act or transaction is guilty of the same offence unless they have made a Section 337 disclosure and appropriate consent has been given.

A Section 337 money laundering disclosure is strictly confidential. There must be no disclosure or other indication to the person suspected of money laundering. Section 342 of the Proceeds of Crime Act states that a person may be guilty of this offence if they:

- make a disclosure likely to prejudice the investigation
- falsify, conceal, destroy or dispose of documents relevant to the investigation
- failure to comply with these requirements could amount to the criminal offence of Prejudicing an Investigation

## General procedures

### Cash Payments

No cash payment to the Council will be accepted if it exceeds £1,000. Cash is defined as notes, coins or any currency.

### Identification of new clients

It is important to 'know your customer' – employees should be wary of situations where funds flow through the Council from sources with which it is not familiar. Where the Council is forming a new business relationship and/or is considering a significant one off transaction with a new client, evidence of identity of the prospective client should be obtained before proceeding



It is good practice to have either:

- one government document that verifies the name, address and date of birth or
- a government document that verifies their full name and another supporting document which verifies name and either their date of birth or address

Where it is not possible to obtain such documents, it is necessary to consider the risks associated with the client and seek advice from the MLRO or Deputy MLRO.

### **Possible signs of money laundering**

The following signs may be indicators of money laundering taking place and employees should be vigilant about:

- Concerns about honesty, integrity or location of the client
- Secretive behaviour eg refusal to provide information
- Attempted payment of a substantial sum of cash
- Transactions which appear uneconomic, inefficient or irrational
- Illogical third party transactions – unnecessary routing of funds from third parties
- Illogical involvement of an unconnected third party
- Funds received from an unexpected source
- Instructions for payment to an unexpected source
- Significant overpayments (and subsequent request for refund)
- Refunds following reversal or cancellation of an earlier transaction
- No obvious legitimate source of funds
- Unusual request for client account details
- Poor business records or internal controls

### **Officer training and awareness**

Officers can undertake a fraud awareness elearning course which includes money laundering. There are some areas of the Council's activities that may be more vulnerable to attempts to launder money.

## **Further information**

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

[National Crime Agency](#)

[UK Legislation](#)

[Terrorism Act 2000](#)

[Proceeds of Crime Act 2002](#)

[The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#)

# Money laundering report form

## Report to Money Laundering Reporting Officer

Officer name	
Title and department	
Telephone	
Email	

## Details of suspected offence

Names and addresses of persons involved	
Nature of activity	
Value of activity	
Nature of suspicions	
Have you discussed your suspicions with anybody?	
Do you have any reason not to disclose the matter to NCA?	

## For completion by the MLRO

Date received	
Date acknowledged	
Case number reference	
Are there reasonable grounds for suspecting money laundering?	
Confirm date of report to NCA (if yes)	
Category	1 – Debt or charge 2 – Overpayment 3 – Refund 4 – Cashier or error 5 – Land or building resale within 3-12 months 6 – House or asset resale within 3 months
Signed and dated	

**This report should be retained for a minimum of 5 years**

# Contact Details

Alternative formats are available on request:  
audio, large print and Braille

South Kesteven District Council  
01476 40 60 80

 [www.southkesteven.gov.uk](http://www.southkesteven.gov.uk)



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL