

REPORT TITLE: ANTI-FRAUD & CORRUPTION AND ANTI-MONEY LAUNDERING POLICIES

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

1. SUMMARY

- 1.1 To seek FAR Committee views in accordance with the Committee's terms of reference., i.e. "To monitor and input into the development of council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy, including the Whistleblowing Policy".

2. RECOMMENDATIONS

- 2.1 That the Finance Audit and Risk Committee consider, agree and endorse the Policies and related documents, namely:
- Anti-Fraud & Corruption Policy (Appendix A)
 - Fraud Response plan (Appendix B)
 - Anti-Money Laundering Policy (Appendix C)
 - Anti-Money Laundering Guidance notes (Appendix D)

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure good governance within the Council.

4. BACKGROUND

- 4.1 The policy documents covered by this report were last updated in 2011 by the NHDC Audit Manager, shortly before transferring to the Shared Internal Audit Service. Since that time they have been available on the Internet at:

http://www.north-herts.gov.uk/index/council_and_democracy/plans_and_objectives/policies/anti_fraud__corruption_policy.htm

- 4.2 This "Anti-Fraud and Corruption Policy" location also includes further relevant documents that are owned by other Council Officers, including the Confidential Reporting policy that was presented to March FAR Committee.

- 4.3. The policy updates presented here to FAR Committee were considered and agreed by Officers (the Senior Management Team) on 8th April 2014.

5. ISSUES

- 5.1 Officers' view is that this Council has a low risk of being subject to significant fraud or money laundering activities and that these policies and supporting documents provided here represent a proportionate response to provide cost-effective assurance for the Council, when supported by vigilant staff at all levels.

Anti-Fraud & Corruption Policy

- 5.2 This policy contributes to the governance arrangements within NHDC, summarises the responsibilities of Members and Officers of the Council, and outlines the procedures to be followed where suspicion of financial irregularity is raised.
- 5.3 In all cases where the Council has suffered a financial loss, it will seek to recover it in full along with any costs incurred by the authority as a result of pursuing this repayment. As a deterrent and to make public its position with regard to the misappropriation of public money or other resources, the Council seeks to publicise its successful sanctions in the local press.
- 5.4 In the case of internal fraud, the Policy recognises that management and supervision are the most effective internal control mechanism, beginning at the recruitment stage. The Council will seek the strongest available sanctions against Officers or Members who commit fraud against the Council, its clients or the public purse. This will include disciplinary action, prosecution and civil proceedings to recover monies owed.

Fraud Response Plan

- 5.5 This Plan represents a guide regarding "what to do if you become aware of fraud". It stresses that if an Officer suspects a fraud, from whatever source, then this should be initially reported confidentially to the Head of Finance, Performance & Asset Management who can advise and, if necessary, then reported formally with there being a number of routes to achieve this outlined in the Plan.
- 5.6 The Plan provides the following advice if an Officer becomes aware there may be a problem:
- **DO** make an immediate written note of your concerns, the details of any conversations you have heard, or documents you have seen and note the date, time, and names of the people involved.
 - **DO** immediately pass any documents that come into your possession to the Head of Finance, Performance & Asset Management.
 - **DO** act promptly as delays may result in further financial loss or the loss of evidence.
 - **DON'T** ignore your concerns, or be afraid of raising them. You will not suffer recrimination as a result of voicing a reasonably held suspicion.

- **DON'T** approach individuals yourself or convey your suspicions to other staff, except those authorised to deal with the matter.
- **DON'T** try to investigate the matter yourself.

Anti-Money Laundering Policy

- 5.7 This Policy applies to all Officers and Members of the Council and represents another element of the Council's corporate governance regime. It describes the principal and third-party offences relating to money laundering and identifies the Council's response. The Money Laundering Officer (MLRO) is the Head of Finance, Performance & Asset Management.
- 5.7 Officers are requested to note that the Council, in general, will not accept cash payments in excess of £3,000. If a client wishes to make a cash payment above this limit then they will need to make advance arrangements. Also, in the case of land and property transactions, if the client does not have legal representation then client identification measures will be required.
- 5.8 The Policy stresses that if an Officer knows, or suspects, that money laundering is taking place (or has done) then this should be disclosed to the MLRO as soon as possible. Such disclosures should be made using the proforma Disclosure Report provided in the Guidance notes. No declarations have been received in the three years since this Policy was last reviewed.

Anti-Money Laundering Guidance Notes

- 5.9 This document should be read in conjunction with the Anti-Money Laundering Policy and provides further details of internal procedures established for:
- Client identification procedures as part of the process for selling land / property;
 - Reporting knowledge or suspicion of money laundering activity to the Money Laundering Reporting Officer (MLRO); and
 - A MLRO investigation.

Fraud Awareness Training

- 5.10 A Fraud Awareness e-learning package was launched as essential training for all staff in 2013. Members are also encouraged to access this training module.

6. LEGAL IMPLICATIONS

- 6.1 There are no specific legal implications at this stage, although the policies themselves provide reference to the potential for legal redress, should that be necessary.
- 6.2 The Terms of Reference for the Finance, Audit & Risk Committee include "To monitor and input into the development of council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy, including the Whistleblowing Policy".

7. FINANCIAL AND RISK IMPLICATIONS

- 7.1 There are no specific financial implications arising from these documents themselves, however they do set out the processes for recovering financial losses should they occur and be detected. The risk implications are those arising from business as usual and the potential for fraudulent activity to occur.

8. HUMAN RESOURCE IMPLICATIONS

- 8.1 There will be Human Resource implications in terms of training, both at induction and participation in subsequent training activities, however these are part of business as usual. The most effective counter measures to the issues raised in these policies are effective management and supervision of staff and processes as part of business as usual.

9. EQUALITIES IMPLICATIONS

- 9.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 9.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 9.3 These policies are applied to all staff, Members and anyone the Council does business with.

10. SOCIAL VALUE IMPLICATIONS

- 10.1 The recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the previous section.

11. APPENDICES

- 11.1 Appendix A - Anti- Fraud & Corruption Policy
- 11.2 Appendix B - Fraud Response Plan
- 11.3 Appendix C - Anti-Money Laundering Policy
- 11.4 Appendix D - Anti-Money Laundering Guidance Notes

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13 BACKGROUND PAPERS

13.1 Previous version of these policies as available on the Internet as referenced in para 4.1