

Haringey Council

Report for:	Corporate Committee 24 October 2011	Item number	
-------------	--	-------------	--

Title:	Corporate Anti-fraud and Corruption Strategy
--------	--

Report authorised by :	Director of Corporate Resources <i>J. Power</i> 4/10/11
------------------------	--

Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk
---------------	--

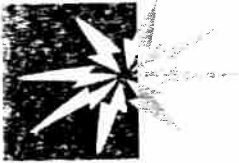
Ward(s) affected: ALL	Report for: Non-Key Decision
-----------------------	------------------------------

1. Describe the issue under consideration

- 1.1 As part of the Chartered Institute of Public Finance and Accountancy (CIPFA) 2006 Code of Practice, and the requirements of the Council's Whistle-blowing policy, Haringey Council needs to ensure that there are appropriate processes in place for the reporting and investigation of allegations of fraud and corruption.
- 1.2 The Corporate Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In order to provide assurance that the corporate policy is consistent with relevant professional codes of practice and other best practice requirements, it is reviewed on a regular basis, with approval for the final Anti-fraud and Corruption Strategy resting with the Corporate Committee. The corporate strategy was last presented to members at the Audit Committee in November 2009 for formal approval.

2. Cabinet Member Introduction

- 2.1 Not applicable



3. Recommendations

- 3.1 That the Corporate Committee reviews and approves the revised Corporate Anti-fraud and Corruption Strategy; together with the appended Fraud Response Plan, Whistle-blowing Policy, Housing Benefit Anti-fraud Strategy and Sanctions Policy, and Anti-money Laundering Policy.

4. Other options considered

- 4.1 Not applicable.

5. Background information

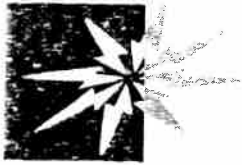
- 5.1 An Anti-fraud and Corruption Strategy provides the framework within which all employees, Councillors and partnership organisations should operate. Alongside the anti-fraud strategy, a fraud response plan sets out how employees, members of the public, Councillors and other related parties can make their concerns known and how the Council will deal with any allegations made.
- 5.3 The Council is committed to reducing the potential for fraud and corruption to the lowest possible level. The updated Anti-fraud and Corruption Strategy and related appendices, attached as an annex to this report, are key documents in informing people of the Council's position on fraud and corruption and its intention to deal with any issues in a firm, but responsible way.

6. Comments of the Chief Financial Officer and Financial Implications

- 6.1 There are no direct financial implications arising from this report. Investigations into allegations of fraud and corruption are undertaken using existing available resources within Audit and Risk Management and relevant service departments, where applicable. The costs are contained within revenue budgets which are monitored on a monthly basis.
- 6.2 The risks of fraud and any associated potential financial losses are identified and recorded in the Council's corporate risk register. Ensuring that the Council has dedicated fraud prevention and investigation resources assists in both reducing the risk of financial losses from occurring and in the recovery of resources from identified frauds.

7. Legal Implications

- 7.1 The Acting Head of Legal Services has been consulted in the preparation of this report, and comments as follows.



7.2 In view of the fact that the various strategies reported on continue to follow industry best practice, coupled with the fact that any amendments to those strategies, in the main, reflect operational changes, means that there are no direct legal implications arising out of the report.

8. Equalities and Community Cohesion Comments

8.1 This report outlines how the Council deals with allegations of fraud and corruption across all areas of the Council, which have an impact on various parts of the community. Improvements in managing risks and controls and reducing the opportunity for fraud will therefore improve services the Council provides to all sections of the community.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, reducing the opportunity for fraud to take place in the first place, and taking appropriate action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

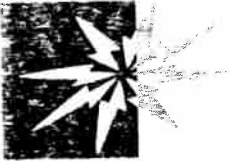
11. Use of Appendices

11.1 Annex 1 – Anti-fraud and Corruption Strategy

12. The Anti-fraud and Corruption Strategy

12.1 The Council's Anti-fraud and Corruption Strategy gives guidance to relevant individuals, employees, Councillors, members of the public and organisations working in partnership with the Council, on what the Council wants to know about in relation to fraud and corruption, what people should do if they suspect fraud and corruption and how the Council will deal with any allegations made.

12.2 The Council's Anti-fraud and Corruption Strategy is published on the Haringey website and intranet site, together with details of how to report suspected cases of fraud and corruption. Annual reminders to all staff on how to report suspected cases of fraud and corruption, together with contact details, are provided in staff newsletters, and the corporate Team Brief publication. This approach ensures that all staff are made aware of the Council's expectations and processes in relation to fraud and how to report



Haringey Council

it. Publicity on the Council's anti-fraud strategy is also included in the annual Pensions Newsletter, the 'Haringey People' publication and Homes for Haringey's 'Home Zone' publication on a regular basis.

12.3 The Council's Anti-fraud and Corruption Strategy follows CIPFA's best practice model. The Council's Whistle-blowing policy conforms to the best practice guidance from Public Concern at Work, the independent charitable organisation which advises on whistle-blowing and governance matters.

12.4 The anti-fraud and corruption strategy is reviewed on a regular basis to ensure that any changes to best practice or relevant codes of practice are incorporated into the Council's documents. Updates to the documents attached to this report are highlighted to indicate the changes made, in accordance with members' requests.

12.5 No changes to the CIPFA Code of Practice, the Public Interest Disclosure Act, or Housing Benefit Regulations have been made, therefore the main changes reflect the operational re-organisation to bring the Housing Benefit Fraud Investigation Team within Audit and Risk Management and operate a single fraud reporting telephone and email service.

HARINGEY COUNCIL

ANTI-FRAUD AND CORRUPTION STRATEGY

Author:	Anne Woods
Owner:	Anne Woods
Version:	6.0
Classification:	UNCLASSIFIED
Issue Status:	FINAL
Date of First Issue:	2004
Date of Latest Re-issue	20/09/11

Deleted: 5

Deleted: 22/06/10

Deleted: June 2010

Heading	Page
1. Why we have an anti-fraud strategy	3
2. Our written rules	4
3. How we expect people and organisations to behave	5
4. Preventing Fraud and Corruption	6
5. Detecting and Investigating Fraud and Corruption	7
6. Training and raising awareness	7
7. Our commitment	8
Appendix 1 – Fraud Response Plan	
Appendix 2 – Whistleblowing Policy	
Appendix 3 – Housing Benefit Anti-fraud Strategy and Sanctions Policy	
Appendix 4 – Anti-money Laundering Policy	

If you have any concerns about fraud or corruption, please call: Fraudwatch on Freephone 0500 500 777. You can also click on the following link to send an email to fraudcall@Haringey.gov.uk

We will take your concerns seriously and ensure that we treat them in the strictest confidence.

Deleted: If you want to report any concerns about Benefit Fraud you can send an email to: benefit.fraud@haringey.gov.uk or call 020 8489 2868. ¶

1. Why we have an anti-fraud strategy

- 1.1 Haringey Council employs approximately 9,000 staff and has an annual turnover of more than £1billion. We provide a wide range of services to individuals, households, the voluntary sector and work in partnership with many other private and public sector organisations. Haringey Council is also part of the Haringey Strategic Partnership, working in a formal partnership with the main public services, voluntary, community and private sectors to deliver the Sustainable Community Strategy.
- 1.2 The Council aims to provide excellent services to all its users. However, the size and nature of our services, like any other large organisation, means that there is a risk of loss due to fraud and corruption, both from within the Council and outside it.
- 1.3 This anti-fraud and corruption strategy is intended to address any instances where fraud or corruption are suspected. The definition of **Fraud** is based on the Fraud Act 2006 which introduced three specific offences of fraud: fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position. **Corruption** is defined as "the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person". Our Fraud Response Plan, which is attached to this strategy at Appendix 1, gives some examples of fraud and corruption.
- 1.4 The key message we want to publicise is that we expect all Councillors, employees, consultants, contractors, partner organisations and service users, to be honest, and to give us any help, information and support we need to deal with fraud and corruption.
- 1.5 We are committed to making sure that the opportunity for fraud and corruption is reduced as much as possible. Where the possibility of fraud or corruption exists, or is identified, we will respond promptly, deal with it firmly and in line with the procedures outlined in this strategy.
- 1.6 An important part of this approach is having an anti-fraud and corruption strategy, which we will use to advise and guide Councillors, employees and our partners on our approach to the serious issues of fraud and corruption. This strategy is written for the benefit of employees, Councillors, members of the public and our partners. Organisations and businesses dealing with the Council are also expected to act honestly. It is designed to help everyone to understand their roles and responsibilities in relation to preventing and reporting fraud and corruption, as well as aiming to ensure that everyone is treated consistently and fairly.

1.7 The anti-fraud and corruption strategy is part of the Council's overall approach to minimising the risk of fraud. The Council also participates in the statutory national data matching process, the National Fraud Initiative (NFI), which uses information from organisations across the country to prevent and detect fraud.

1.8 The strategy set out in this document covers the following areas:

- Our written rules
- How we expect our Councillors and employees to behave
- Preventing fraud and corruption
- Detecting and investigating fraud and corruption
- Training

2. Our written rules

2.3 We have a number of procedures and rules to make sure that how we work and manage our finances on a day to day basis is properly controlled. These procedures are essential to ensure the possibility of fraud and corruption is minimised. It is important that all Councillors and employees know about them, and understand their role in complying with them.

2.2 The most important procedures which relate to all employees and Councillors are:

- Council Constitution;
- Contract Standing Orders;
- Financial Procedure Rules;
- Code of Conduct for Employees; and
- Code of Conduct for Councillors.

2.3 Individual departments have also introduced their own measures, in addition to the above list. These are designed specifically to manage their services and may not relate to any other part of the Council. Examples may include working manuals, guidance notes and operating procedures.

2.4 Directors must make sure that all employees have access to both the procedures which relate to everyone and to any which relate specifically to their services. All employees should receive suitable training in the use of these procedures.

2.5 Councillors and employees are responsible for making sure that they read and understand the rules and regulations that apply to them, and act in line with them.

2.6 If anyone breaks these rules and regulations we may take formal action against them. This may ultimately include ending their employment with the Council, in respect of employees, and referral to the Standards Committee, in respect of Councillors. It is the responsibility of the Monitoring Officer (in Haringey, this is the Head of Legal Services) to report matters to the Standards Committee.

2.7 The Council's Contract Standing Orders include the procedures for letting contracts to external organisations. In addition to clauses identifying how the Council will deal with

identified cases of fraud and/or corruption, the Council's standard contract terms and conditions include the requirement for organisations to publicise the Council's whistleblowing arrangements to ensure that concerns can be raised by people who do business with the Council.

2.8 Homes for Haringey (HfH), is the organisation which manages the Council's housing stock, including leasehold properties. Haringey Council has a management agreement with HfH, but HfH has its own arrangements for confidential reporting and whistleblowing. These are approved by the HfH Board and are publicised on the HfH website. Internal Audit work closely with HfH to ensure that any issues raised which may impact on the Council are dealt with appropriately.

2.9 The Haringey Strategic Partnership (HSP) is the group of organisations which work together to achieve the aims of the Haringey Sustainable Community Strategy. The HSP has representatives from the police, fire, health, and voluntary sector services and has its own arrangements for confidential reporting and whistleblowing. These are approved by the HSP Board and are publicised on the HSP website. The Council acts as the lead organisation for the HSP, and also for receiving and investigating any concerns raised through the HSP whistleblowing process. Internal Audit work closely with the HSP to ensure that any issues which may impact on the Council are dealt with appropriately.

3. How we expect people and organisations to behave

- 3.1 We expect all individuals, groups and organisations that receive services from, or provide services on behalf of the Council to be honest in their dealings with us and our clients and customers. We expect all our Councillors and employees, including temporary and agency employees, to lead by example in these matters.
- 3.2 The Council has Codes of Conduct for Councillors and employees and these set out an approach to work that is both honest and fair. Councillors and employees must act in line with these Codes at all times. The council also issues regular reminders to all employees explaining the Council's view on fraud and corruption and of their responsibilities under the Code of Conduct and the Council's Constitution.
- 3.3 We feel our Councillors and employees have an important part to play in dealing with fraud and corruption. Dishonesty and fraud harms the Council and the reputation of its employees. Our Constitution (Part 4, Section 1, paragraph 5.52) states that our employees and Councillors must inform us if they suspect any case of fraud or corruption.
- 3.4 Organisations that work in partnership, or through contractual arrangements, with the Council are bound by the terms and conditions of their written arrangements, service level or management agreements, or contracts which include clauses relating to fraud and corruption and arrangements for promoting the Council's whistleblowing policy. The HSP and Homes for Haringey have separate reporting arrangements for fraud and whistleblowing, as set out above. The Council expects that these contractual and other arrangements will be complied with.

- 3.5 If anyone refers a matter to the Head of Audit and Risk Management which relates to Homes for Haringey or the HSP, we will advise the individual whose responsibility it is to take any action and make sure that the information is passed to the relevant people to enable a proper review to be completed.
- 3.6 The Council's Constitution (Part 4, Section I, paragraph 5.56) also describes how the Head of Audit and Risk Management is entitled to have unrestricted access to any part of the Council, including its buildings, records, documents, items of equipment and members of staff.
- 3.7 We will deal with all information fairly and confidentially. We will try, as far as possible, not to reveal the names of the people who gave us the information. Our fraud response plan attached at **Appendix 1** gives more advice on this issue for employees and Section 5 of this strategy details how people can report any suspected cases of fraud or corruption.
- 3.8 We expect our Directors and the Assistant Chief Executive to deal firmly and quickly with anyone who is responsible for fraud or corruption. The Head of Audit and Risk Management, in consultation with the relevant Director, or Assistant Chief Executive may refer matters to the police if any criminal activity is suspected, or has taken place.
- 3.9 The Council will always seek to recover any monies, assets, or other resources which have been identified as being obtained via fraud or corruption. The Council's debt recovery processes will be used in cases that have been dealt with by internal disciplinary or contractual arrangements. Where criminal proceedings apply, the Council will seek recovery through the Court processes.
- 3.10 We will treat all concerns raised in good faith seriously. We must ensure that any investigation process is not misused and therefore any abuse, such as raising unfounded or malicious allegations, will be dealt with as a disciplinary matter.

4. Preventing fraud and corruption

- 4.1 We believe that if we are to eliminate fraud and corruption, we must prevent it from happening in the first place. It is essential that we have clear rules and procedures that all Councillors, employees, consultants and contractors understand and can work within. These include the main procedures which apply to all Councillors and employees, and these are set out in section 2 of this strategy. The following section sets out what we as a Council must do, as part of our regular working arrangements, to reduce the risk of fraud and corruption.
- 4.2 We must regularly review and update our written rules to ensure that they keep up to date with the latest government legislation.
- 4.3 Directors and the Assistant Chief Executive must make sure that suitable levels of controls are included in working procedures, especially financial procedures. It is important that employees' duties are organised so that no one person can carry out a

Deleted: June 2010

complete transaction without some form of checking process being built into the system.

- 4.4 We must follow our procedures when employing, or considering employing, new staff. We must undertake all relevant checks required by law, including Police and Criminal Records Bureau checks and our own internal procedures, including previous employment, qualification and reference checks.
- 4.5 We are committed to working and co-operating with other organisations to prevent organised fraud and corruption. The Corporate Anti-Fraud Team and Housing Benefit Investigation Team work with Council staff and external organisations, including other councils and social landlords, to undertake a range of data matching and anti-fraud projects which help to reduce and detect fraud. Wherever possible, we will be prepared to help and exchange information with other Councils and organisations to deal with fraud. We will only share information in line with the relevant Data Protection legislation. This includes taking part in the statutory national data matching exercise to prevent and detect fraud, the National Fraud Initiative.
- 4.6 We have confidential facilities available for people to give us information that may prevent fraud and corruption. These include dedicated telephone lines for fraud, including Housing Benefit fraud and the email reporting facility, which members of the public can use to give us information about any concerns they may have.
- 4.7 We will make sure that full details of reporting facilities are widely published to the public, partner and contracting organisations, Councillors and employees, and that all information we receive in this way is investigated and dealt with quickly and in line with our procedures.

5. Detecting and investigating fraud and corruption

- 5.1 You should read this corporate anti-fraud and corruption strategy in conjunction with our fraud response plan which is shown at **Appendix 1**.
- 5.2 Under our Code of Conduct and Council Constitution, employees must report any suspected cases of fraud and corruption to the appropriate manager, or, if necessary, directly to the Head of Audit and Risk Management. Reporting cases in this way is essential to the anti-fraud and corruption strategy and makes sure that:
- Suspected cases of fraud and corruption are investigated properly;
 - the fraud response plan is carried out properly;
 - there is a standard process for dealing with all suspected cases of fraud and corruption; and
 - People and our interests are protected.
- 5.3 The Council's Whistleblowing Policy, which is shown at **Appendix 2**, is intended to encourage and enable employees to raise serious concerns. By law, employees reporting concerns in this way have certain rights. These are set out in the Public Interest Disclosure Act 1998.

5.4 The Head of Audit and Risk Management will work with Directors, the Assistant Chief Executive and the Head of Human Resources to decide how the allegations made will be investigated. This will include referring cases to the police where necessary. We will prosecute offenders and we will carry out our disciplinary procedures where appropriate. We will ensure that any internal proceedings do not prejudice any criminal case. The Council will seek recovery of monies and/or other assets obtained by fraud or corruption.

5.5 In cases relating to Housing Benefits and Council Tax Fraud, which are subject to statutory regulations and requirements in relation to benefit claims, the action taken will follow the policies and procedures within the Housing Benefits anti-fraud strategy, which is attached at Appendix 3. The Housing Benefit Investigation Team is within Audit and Risk Management and the team liaises with Council departments, the Department for Work and Pensions, other local authorities and external organisations to prevent and detect benefit fraud. The team's work forms part of the council's overall approach to reducing the risk of fraud and Appendix 3 provides details of how to report fraud in relation to housing and council tax benefits.

Deleted: laid down by the Benefits and Local Taxation division. The

Deleted: ,
Deleted: is attached as
Deleted: and

5.6 The Council needs to ensure that there are appropriate arrangements and processes in place for the monitoring and reporting of any instances of suspected money laundering operations. The corporate Anti-money laundering policy is attached as Appendix 4 and explains what money laundering is, and what the Council does to ensure it manages the risks associated with crime and money laundering.

6. Training and raising awareness

6.1 We understand that the key to introducing a successful anti-fraud and corruption strategy and making sure it continues to apply will depend on effective training and making sure that everyone is aware of their responsibilities.

6.2 We support the idea of providing training for employees who are involved in, or who manage, systems. We will make sure that their responsibilities and duties are regularly reviewed and employees are reminded of these on a regular basis. Audit and Risk Management provide regular fraud awareness briefing sessions and guidance to front-line staff and reminders are included in corporate briefing notes and newsletters to all staff on how to report fraud.

6.3 We are also committed to training and developing our employees who are involved in investigating fraud and corruption. We will continue to provide suitable training so that their work is carried out in line with any legal requirements and our own written rules.

6.4 In addition, we need to ensure that everyone, including Councillors, employees, partners and contractors, is aware of the proper procedures and processes they can use to report and respond to any suspected case of fraud. The publication of this strategy and regular reminders of their responsibilities will assist us in raising and maintaining awareness.

7. Our commitment

Deleted: June 2010

- 7.1 We are committed to tackling fraud and corruption whenever it happens. Our response will be effective and organised and will rely on the principles set out in this strategy.
- 7.2 We will continue to review our rules and procedures and will make sure that this strategy document is regularly reviewed to keep it up to date and in line with our written rules.

Haringey Fraud Response Plan

1. Why we have a Fraud Response Plan

- 1.1 Haringey Council is committed to developing a culture of honesty and zero tolerance to fraud and corruption.
- 1.2 In line with that commitment, the Council's Anti-Fraud Strategy outlines how we aim to prevent, investigate and report on fraud and corruption.
- 1.3 This Fraud Response Plan supports the Council's approach by setting out the ways in which individuals or organisations can make their concerns known about suspected fraud or corruption. It also outlines how the Council will deal with such instances.

2. What we want to know about

- 2.1 This Fraud Response Plan is intended to be put in place where concerns about fraud or corruption have been raised. The definition of **Fraud** is based on the Fraud Act 2006 which introduced three specific offences of fraud: fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position. **Corruption** is defined as: "The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person".
- 2.2 Concerns or allegations which fall within the scope of other procedures, e.g. grievances about an employee's own employment, mistreatment of vulnerable clients, or acts of discrimination, will usually be referred to the relevant department and dealt with under those procedures.
- 2.3 Fraudulent or corrupt acts may include:
 - Where a process or system is likely to be abused by either employees or public, e.g. allocation of housing or other accommodation
 - Where individuals or companies have fraudulently obtained money from the Council, e.g. by submitting invalid invoices, or false applications for council tax or business rate reductions and refunds, or Housing Benefit fraud
 - Where individuals or organisations have fraudulently obtained property or other assets from the Council, e.g. by submitting false applications for housing
 - Where Council equipment is used for personal use, e.g. personal use of Council vehicles, or IT equipment
 - Where there is a misuse of resources, e.g. theft of building materials, working whilst off sick, false overtime or flexi-time claims
 - Activities undertaken by officers of the Council which may be illegal, or against the Council's Constitution or policies, e.g. receiving gifts or hospitality
- 2.4 The above list cannot cover every example of fraud or corruption. If you have any questions, please contact the Head of Audit and Risk Management for further advice and guidance (Tel: 020 8489 3768).

Formatted: Bullets and Numbering

3. How we protect those people who raise concerns

3.1 Confidentiality

We will try to protect a person's identity when he or she raises a concern and does not want their name to be revealed. However, in some cases, the investigation process itself may reveal the source of the information. Also, the person may be required to make a statement either as part of the investigation process, or to provide evidence for any disciplinary hearing, or criminal prosecution.

3.2 Harassment or Bullying

We understand that reporting any concerns may be a difficult decision to make, especially if the individual is worried about suffering harassment or bullying from those responsible for carrying out the fraud or corruption. We will not tolerate harassment or bullying and our disciplinary procedures and our policy on harassment and bullying support this. We will take action to protect those who raise a concern in good faith.

3.3 Anonymous Allegations

We would always encourage people come forward to discuss their concerns with us directly. Concerns raised anonymously may be much less convincing, but, depending on the seriousness of the issues raised and the amount of information provided, we will still consider investigating the concern further. However, unless we are able to confirm the allegation from other sources, we may not be able to undertake a full investigation.

3.4 Untrue Allegations

A concern may be raised in good faith by some-one, but it is not found to be the case by the subsequent investigation. No action will be taken against the person who raised the original concern. However, if people make allegations they know to be untrue, we may consider taking further action against those individuals making the allegations.

4. What should an employee or Councillor do if they suspect fraud or corruption?

4.1 Employees and Councillors are often the first to realise when things may be going wrong, or fraud and corruption may be taking place. However, they may feel that they would not be supported by colleagues or managers, if they raised their concerns, or they may even be afraid of being harassed or bullied. In these circumstances, an individual may feel it would be easier to ignore their concerns, rather than report it.

4.2 The Council's Whistleblowing Policy is intended to encourage and enable individuals to raise concerns within the Council, rather than overlooking a problem. The policy applies to all Haringey employees, staff of Council contractors, agency staff and trainees.

4.3 This policy has been discussed with the relevant Trade Unions and professional organisations and has their support. A copy of the Whistleblowing Policy is attached to the Anti-fraud and corruption strategy, and is available on the Council's

website and intranet site, or can be obtained from Human Resources, or your Trade Union Representative.

- 4.4 If an employee suspects fraud, they should raise their concern with their line manager. Failing that, the employee should approach their line manager's manager, or the Director. If the employee cannot raise their concern within their department, they should approach Internal Audit, their HR Business Partner, or the Head of Legal Services.

Deleted: Personnel Manager

- 4.5 The nature of the complaint will determine the Council's course of action and the employee's concerns may be investigated by service management, Internal Audit, or Personnel.

- 4.6 Audit and Risk Management can be contacted at:

Level 1, Alexandra House,
10 Station Road, Wood Green,
London, N22 7TR
Telephone: 020 8489 3768
Email: fraudcall@haringey.gov.uk

Deleted: Fax: 020 8489 3827

5. What should a member of the public or a partner organisation do if they suspect fraud or corruption?

- 5.1 The Council encourages members of the public or a partner organisation who suspect fraud and corruption to contact the Council's Head of Legal Services or Audit and Risk Management in the first instance.

- 5.2 Audit and Risk Management operates independently of all other Council departments. Contact details for Audit and Risk Management are set out at paragraph 4.6 above.

- 5.3 The Haringey Strategic Partnership (HSP) has its own arrangements for confidential reporting and whistleblowing. These are approved by the HSP Board and are publicised on the HSP website. The Council acts as the lead organisation for the HSP, and also for receiving and investigating any concerns raised through the HSP whistleblowing process. Internal Audit work closely with the HSP to ensure that any issues which may affect the Council are dealt with appropriately.

- 5.4 The possible courses of action taken by the Council are outlined in section 6 below.

6. How will allegations of fraud or corruption be dealt with by the council?

- 6.1 For issues raised by employees or members of the public, the action taken by the Council will depend on the nature of the concern. The matters raised may be investigated internally, or referred to the Police.

- 6.2 We cannot say how every individual case will be dealt with. However, the Council does have a Disciplinary Code of Practice which sets out the general processes for in disciplinary cases. We will comply fully with this Code in our investigations. As a general guide, we will use the following approach to ensure that clear lines of

communication are in place, ensure that appropriate people and specialists are involved at the right times, and confidentiality is maintained. We will:

- Inform the relevant manager of the allegation;
- Undertake an initial review to see if the allegation could be true;
- Advise the relevant manager of the results of the initial review and agree whether there needs to be any further investigation;
- Inform the Personnel Department of the investigation to date and agree whether the employee should be suspended from work to allow for further investigations to take place;
- Agree an approach with the manager and personnel to complete the investigation, together with any relevant timescales;
- Produce a final report on the findings of the investigation, which will say whether any breaches of the Council's procedures, regulations, or Code of Conduct have taken place.

6.3 Within ten working days of a concern being received, the responsible officer will write to the complainant:

- Acknowledging that the concern has been received;
- Indicating how they propose to deal with the matter;
- Giving an estimate of how long it will take to provide a final response; and
- Provide individuals with information on staff support mechanisms.

6.4 The Council accepts that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Subject to legal constraints, the Council will inform the person raising the concern about the progress and outcome of any investigation.

7. Alternative methods for raising concerns

7.1 If either an individual, member of a partner organisation or the public, or an employee feels that it is right to take the matter outside these processes, the following are possible ways forward:

- **your local Councillor** – If you live within Haringey, your Councillor can be contacted at their regular surgery in your area. If you are not sure which is your Councillor, visit our website, www.haringey.gov.uk or call 020 8489 2947. You can also write to your councillor at: Member Services, Level 5, River Park House, 225 High Road, Wood Green, N22 8HQ.
- **the council's external auditors (Grant Thornton)** – These are appointed to review and comment on the Council's finances and performance. By law, they must be completely independent from the Council. They can be contacted at paul.dossett@gtuk.com.
- **your Trade Union** – employees may invite their Trade Union to raise a matter on their behalf.

- **the Police** – suspicions of fraud or corruption may be reported directly to the Police.

WHISTLEBLOWING

<i>Contents</i>	<i>Page</i>
WHISTLEBLOWING	
Background	1
Summary of Whistleblowing Policy	1
Public Interest Disclosure Act	2
Whistleblowing Policy	
• Introduction	3
• Who it applies to	3
• How you Identify matters of concern	3
• How to raise your concern	3
• How the Council will respond	4
• Investigating the case	4
• The Responsible Officer	5
• How the matter can be taken further	5
• Protection for Whistleblowers - Confidentiality	6
• Untrue Allegations	6
• Anonymous Allegations	6
• Victimisation	6
• Contracting Organisations	6
Guidance Notes for Managers	7

WHISTLEBLOWING

BACKGROUND

The Government's paper on an ethical framework for local government proposed that every local authority should institute a procedure for whistleblowing, which would enable workers to raise concerns about malpractice confidentially inside and, if necessary, outside the organisation. In line with these proposals, the Council designed a whistleblowing policy based on guidance from the Local Government Board (LGMB) and this was agreed by Personnel Sub Committee on 10 November 1998. The Council's whistleblowing policy is kept under review to ensure it complies with relevant guidance and best practice.

The Whistleblowing Policy is set out in full on page 3 with additional Guidance for Managers on page 7. Key points from the Policy are listed below together with information on the Public Interest Disclosure Act which provides protection for whistleblowers.

SUMMARY OF WHISTLEBLOWING POLICY

- Where a worker has concerns about malpractice (and it is not appropriate to raise them through other procedures) they should be raised with:
 - either (a) The worker's line manager
 - or failing that (b) The line manager's manager (grandparent role) or the director
 - 2nd step (c) Head of Audit and Risk Management, Human Resources or Head of Legal Services
 - 3rd step (d) Members
 - final step (e) an external organisation - i.e. Grant Thornton. This is the Council's independently appointed External Auditor and can be contacted at Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP, or via email at paul.dossett@qtuk.com
- The Council will provide a written response to the whistleblower, assuming the referral is not made anonymously, within ten days indicating how it proposes to deal with the concerns raised.
- The Council will seek to protect the worker's identity when they raise a concern and do not want their name to be disclosed. However, during the investigation the source of the information may be revealed and individuals may be required to provide a statement.
- The Council will not tolerate harassment or victimisation and will take action to protect a worker raising a concern in good faith.

- Investigations conducted under this Policy will follow the same process as the Disciplinary Procedures for investigating cases of misconduct/gross misconduct .
- If employees make an allegation which they believe to be genuine but is then not proven, no action will be taken against them. However, employees who maliciously raise an unfounded concern may have disciplinary action taken against them.

PUBLIC INTEREST DISCLOSURE ACT Protection for Whistleblowers

Under the Public Interest Disclosure Act 1998, a worker will have the right not to suffer detriment or be unfairly dismissed as the result of speaking out about crime, fraud, miscarriages of justice, dangers to health and safety, breaches of civil service code or risks to the environment.

The Whistleblower must reasonably believe that one of the conditions that constitutes a qualifying disclosure is occurring, and must make the disclosure in good faith and not for personal gain.

A qualifying disclosure means any disclosure of information which in the reasonable belief of the worker making the disclosure tends to show one or more of the following:

- that a criminal offence has been committed, is being committed, or is likely to be committed;
- that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject;
- that a miscarriage of justice has occurred, is occurring or is likely to occur;
- that the health or safety of any individual has been, is being or is likely to be endangered;
- that the environment has been, is being or is likely to be damaged.

If workers wish to raise the matter externally rather than internally, they will be protected only if they can show that they are not motivated by personal gain and that they reasonably believe the information they are giving is true.

If victimised by their employers, whistleblowers can bring a claim to an employment tribunal for compensation. Awards will be uncapped and based on the losses suffered. Gagging clauses in employment contracts and severance agreements will be void.

WHISTLEBLOWING POLICY

INTRODUCTION

Workers of the Council have an important role in helping the organisation to promote good practice while providing a service to the community and protecting its vulnerable clients.

Workers are usually the first to know when something is going seriously wrong - be it a serious danger to the public or a major fraud. All too often the alarm is not sounded on malpractice. The result is that the people in charge do not get the chance to take action before real damage is done.

Whistleblowing policies aim to ensure that serious concerns are properly raised and addressed in the workplace and are increasingly recognised as a key tool to deliver good practice. It is essential for Haringey that a whistleblowing policy/procedure is in place and well publicised so all staff are aware of what is required of them.

We must ensure that the code meets the requirements of the Council's equality policies and is not misused in any way to discriminate against minority groups.

1. Who it applies to

This policy applies to all Council workers which includes senior and junior members of staff. The following sections set out what you should do and how the council will respond in cases which are referred under this policy.

2. How you identify matters of concern

That concern may be something that:-

- is unlawful
- is against the Council's standing orders or policies
- falls below established standards or practice
- amounts to improper conduct
- involves clients or the public being put in danger
- involves funds being stolen or wasted.

This is not an exhaustive list and you should speak to your manager, or contact one of the people or organisations listed below, if you need further advice.

3. How to raise your concern

Where you have concerns about malpractice and it is not appropriate to raise them through other procedures such as grievance procedures, they should be raised with:-

either (a) your line manager
or failing that (b) the line manager's manager (grandparent role) or the director

2nd step (c) the Head of Audit and Risk Management, Human Resources, or the Head of Legal Services

- | | | |
|------------|-----|---|
| 3rd step | (d) | Members |
| final step | e) | an external organisation - Grant Thornton. This is the Council's independently appointed External Auditor who can be contacted at Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP, or via email at paul.dossett@qtuk.com |

The decision to raise concerns with the managers listed above, will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you believe that management is involved, you could approach any of the following: the Head of Legal Services, the Head of Audit and Risk Management, Human Resources or Grant Thornton, the Council's external Auditors.

4. How the Council will respond

Within ten days of a concern being raised the responsible person will:-

- Assess the complaint and identify the most effective process to use to investigate the allegations raised.
- Notify the Head of Audit and Risk Management that a complaint has been raised to ensure it is recorded properly in accordance with this policy.
- write to the person raising the complaint, assuming that the referral has not been made anonymously, to acknowledge their complaint
- indicate how they propose to deal with the matter raised
- give an estimate of how long it will take to provide a final response
- provide individuals with information on staff support mechanisms.

There are existing procedures in place to enable individuals to lodge a grievance relating to their own employment. A grievance should be seen as a direct concern to individuals whilst whistleblowing concerns the wider organisation.

This Whistleblowing Policy is intended to cover concerns that fall outside the scope of other procedures These include:-

- conduct which is an offence or a breach of law
- health and safety risks, including risks to the public as well as other employees
- the unauthorised use of public funds
- possible fraud and corruption
- damages to the environment
- sexual or physical abuse of clients
- other unethical conduct.

5. Investigating the case

Following an allegation, where appropriate, an independent and impartial manager will be involved in the investigation.

Managers will make sure that the investigation is carried out as quickly and as thoroughly as possible.

Once an investigation commences, every effort will be made to bring it to an early conclusion.

To conduct an investigation under the Whistleblowing Policy, managers will follow the same process as the Disciplinary Procedures for investigating cases of misconduct/gross misconduct.

An investigation may conclude that, potentially, there has been a breach of the Council's Code of Conduct and Disciplinary Rules. In these circumstances, management would invoke the disciplinary process.

The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided.

The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will arrange for you to receive advice about the procedure.

The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the progress and outcome of any investigation.

6. The responsible officer

The Head of Legal Services, (Monitoring Officer), has overall responsibility for the maintenance and operation of this policy. The Head of Audit and Risk Management will maintain a record of concerns raised and the outcomes (but in a form which does not breach your confidentiality) and will report as necessary to the Council

7. How the matter can be taken further

This policy is intended to provide you with an avenue **within** the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- Grant Thornton – The Council's External Auditors
- your trade union
- your local Citizens Advice Bureau

- the District Auditor
- the Police.

If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

8. Protection for Whistleblowers - Confidentiality

The Council will seek to protect an individual's identity when they raise a concern and do not want their name to be disclosed. However, during the investigation the source of the information may be revealed and the individual may be required to provide a statement.

9. Untrue Allegations

If you make an allegation which you think is genuine but is not proven, no action will be taken against you. If, however, you maliciously raise an unfounded concern, then disciplinary action may be taken against you.

10. Anonymous Allegations

The policy encourages individuals to put their name to their allegations. However, it is understood that some people may wish to remain anonymous. Concerns expressed in this way are much less powerful, but will be considered, at the discretion of the Council.

In exercising the discretion the factors to be taken into account would include: the seriousness of the issues raised, and the credibility of the concern.

11. Victimisation

The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in good faith.

If you do receive reprisals from those responsible for the malpractice or any other member of staff, they may be disciplined under the Council's procedures.

12. Contracting Organisations

These arrangements will be extended, with appropriate variations, to staff of contracting organisations. Such arrangements will be carefully confined to those areas of activity relating specifically to contractors' relationships with the Council and should not extend to contractors' internal arrangements.

It is necessary for all involved in the process, i.e. Council staff, whistleblowers and anyone accused of malpractice, for whistleblowing to be dealt with properly, quickly and discreetly to make the process efficient, fair and effective.

WHISTLEBLOWING - GUIDANCE NOTES FOR MANAGERS

WHAT IS WHISTLEBLOWING

Whistleblowing is when a worker discloses, i.e. 'blows the whistle' on, any wrongdoings such as fraud, malpractice, mismanagement, breach of any health and safety law or any other illegal act, either on the part of management or by fellow workers.

It often happens when:-

- i) workers have tried to complain through internal channels and have failed
- ii) the organisation's culture persuades workers that complaints will be ignored
- iii) the person committing malpractice is the worker's direct boss and/or at the top of the organisation, so again workers feel to complain directly would be useless and result in victimisation.

Management Responsibility

When workers discover something is wrong they should be encouraged to report the malpractice. This gives managers the chance to correct any malpractice before the issue escalates.

Managers must try to ensure that workers who make a complaint have confidence that:

- a) it is going to be properly investigated and addressed
- b) they will suffer no detriment as a result of speaking out.

N.B. Victimising or deterring workers from raising legitimate concerns is a serious disciplinary offence. Whistleblowers are also afforded protection under the Public Interest Disclosure Act (see page 2).

Managers must have respect for the confidentiality of workers raising concerns if they (the workers) so wish. However, workers should be made aware that during the investigation the source of the information may need to be revealed and the individual may be required to provide a statement.

In all cases where an employee uses the Council's Whistleblowing policy to raise their concerns, the person receiving the concern must notify the Head of Audit and Risk Management. They are the Council's nominated officer for recording any Whistleblowing referrals and are required to maintain a log, which ensures confidentiality, and provide periodic information on the use of the Whistleblowing policy.

Internal reporting mechanisms for dealing with whistleblowing complaints

As a first step, individuals should normally raise concerns with their line manager or their manager's manager (grandparent role) or the Director. Secondly, if for example they believe management is involved, they should approach the Head of Legal Services, Human Resources, or the Head of Audit and Risk Management. The next step should be to Members and finally to an external agency (see below).

Depending on the seriousness of the allegation and who is suspected of the malpractice, individuals may wish to report directly to the Head of Legal Services or Members.

It must be emphasised that, before deciding on using external mechanisms, a final request to the Head of Legal Services or members should be encouraged.

If whistleblowers fear that their employer will bring retribution, they can make a wider disclosure to the police, the media or MPs.

External Reporting Mechanisms

If individuals do not feel confident using the internal reporting channels they should contact **Grant Thornton**, an external organisation who are the Council's independently appointed External Auditor and can be contacted at Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP, or via email at paul.dossett@gtuk.com

Housing Benefit and Council Tax Benefit – Anti-fraud Strategy and Sanctions Policy

Anti-fraud Strategy

1. Statement of Intent

- 1.1 Haringey Council is responsible for administering public funds. The Benefits and Local Taxation Service has a key role in ensuring that the right benefits go to the right people in accordance with their entitlement.
- 1.2 The Council will ensure that effective policies and procedures are in place to prevent and detect benefit fraud either by employees or claimants. The Council will use the criminal and civil powers available to it to take action against those who have committed benefit fraud.
- 1.3 Prosecutions may be undertaken by the Council through its own Legal Service or in partnership with the Department for Works and Pensions Solicitors Office, or the Crown Prosecution Service.

2. Measures we have in place to tackle benefit fraud

- a) We employ a dedicated team to investigate suspected benefit fraud
- b) We have a published Sanctions Policy
- c) We inform our customers of their responsibility to tell us about any changes in their circumstances and the documents that they must provide
- d) We have published email and telephone contact details which anyone can use to refer cases of suspected benefit fraud to us
- e) We participate in the National Fraud Initiative data matching exercise
- f) Staff involved in benefits administration and fraud investigation attend regular fraud awareness training
- g) We work with other organisations including other Local Authorities, the Police, UK Border Agency and the Department for Work and Pensions on joint investigations
- h) We publicise successful prosecutions in the local media

3. Who is affected by this strategy?

- 3.1 This strategy will be applied to anyone who applies for Housing Benefit and Council Tax Benefit, or anyone who assists a person make a claim for benefit, which they know is false or dishonest.
- 3.2 It will also apply to any person who receives Housing Benefit and Council Tax Benefit, either as a claimant, or a partner of the claimant, appointed representative, landlord or managing agent or employee of the Council.

4. Deterring Benefit Fraud

- 4.1 The Council recognises that the most people who claim Housing and Council Tax Benefit are honest and keep within the rules of the system. However, the Council also recognises that no system is foolproof and will periodically request anyone in receipt of benefit to confirm their details. It

will also participate in regular data-matching exercises with other organisations.

4.2 Any person found committing benefit fraud will be subject to the Council's Sanctions Policy. The Council will also make use of the full range of available opportunities to publicise the details of anyone found guilty of serious benefit fraud. In this way the Council will seek to increase fraud awareness amongst the community and the consequences of acting dishonestly.

5. **Data Protection Act and other relevant legislation**

5.1 Those responsible for investigating benefit fraud will be required to comply at all times with the relevant legislation relating to the investigation of criminal offences.

5.2 The Council is registered under the Data Protection Act 1998 for the purposes of preventing and detecting crime, the prosecution of offenders and the collection of any tax. The investigators will use appropriate data disclosure forms to ensure that investigations comply with the legislation and individuals' data is used appropriately.

5.3 The Council requires its investigators to work within the guidelines of the following legislation at all times:

- a) The Police and Criminal Evidence Act (PACE) 1984
- b) Regulation of Investigatory Powers Act 2000
- c) Criminal Procedures and Investigations Act 1996
- d) The Human Rights Act 2000
- e) The Social Security Administration and Fraud Acts 1992 - 2008

6. **Referral of Benefit Fraud**

6.1 The Council wants to encourage anyone who suspects benefit fraud to report their suspicions, either openly or anonymously, to the Benefits Fraud Investigation Team. The details of how to report fraud are also on the Council's website and are:

- In writing to: Benefits Fraud Investigation Team, PO Box 22727, Wood Green, London, N22 7WS;
- By telephone (voicemail facility, 24 hours/7 days a week) on Freephone 0500 500 777
- By contacting the Benefit Fraud Team directly (9.00am – 5.00pm, Monday – Friday)
- By email to: fraudcall@Haringey.gov.uk

6.2 The Benefit Fraud Investigation Team will investigate those cases where there is a reasonable suspicion, based on the available evidence, that fraud is taking place.

6.3 Investigations undertaken by the Benefit Fraud Investigation Team are confidential. Officers are unable to engage with third parties in discussion about the conduct and nature of their investigations.

Sanctions Policy

This policy is intended to provide clear guidance on what sanctions are available to the Council against anyone who commits benefit fraud and when the use of a sanction is suitable. The guidelines apply equally to members of the public, Council staff, and members of the Council.

The Benefit Fraud Investigation Team review each fraud case and any mitigating circumstances are taken into account on a case by case basis.

Sanctions Available to the Council

The Council has the power to impose three forms of sanction on claimants who have committed benefit offences:

1. Prosecutions
2. Civil Cautions
3. Administrative Penalties

Prosecutions

Prosecutions will be reserved for those cases which, in the opinion of the Council, are the most serious. Prior to any decision to prosecute being made, the Investigator will apply the 'Evidential Test' and then the 'Public Interest Test', as set out in the *Code for Crown Prosecutors*.

Evidential Test

Whilst not an exhaustive list, the investigator should consider the following:

- Is the evidence of sufficient quality and reliability to support a prosecution?
- Is the reliability of the evidence affected by such factors as the defendant's age, mental capacity, or understanding?
- What explanation has the defendant given? Is the court likely to find it credible in light of the evidence as a whole?
- If the identity of the defendant is likely to be questioned, is the evidence about this strong enough?
- Is the reliability of the evidence likely to be compromised by the accuracy or credibility of a witness?

Public Interest Test

If the Evidential Test has been met, the Council should then consider whether or not a prosecution would be in the public interest as defined by the *Code for Crown Prosecutors*. The facts in each case will determine if this test is satisfied. The following list is not exhaustive, but a review may include the following:

- Whether the defendant was a ring leader, or an organiser, of the offence;
- Whether there has been any abuse of position or privilege;
- Whether there are grounds for believing that an offence is likely to be continued or repeated, based on the person's previous history;
- Whether the offence, although not serious in itself, is widespread in the area where it was committed and so prosecution may act as a deterrent.

When considering a case for prosecution, in addition to the Evidential and Public Interest Tests outlined above, the investigator should also take the following into consideration:

- Whether there was a degree of planning in the process that was more than minimal;
- Whether a false, counterfeit or forged instrument was used in the commission of the offence;
- Whether offences have been committed against more than one agency, authority or government department;
- Whether the defendant has a previous history of benefit fraud;
- The duration of the alleged offence;
- Whether the person has refused to accept a Formal Caution or Administrative Penalty.

Civil Cautions

A Caution is a formal written warning that can be administered as an alternative to prosecution. Details of the Caution are retained for a period of five years and may be included if any further benefit fraud offences occur.

The Council may consider issuing a Simple Caution if:

- The claimant has been Interviewed Under Caution (IUC);
- To our knowledge, the claimant has never previously offended;
- There was little or no planning involved in the process of committing the offence;
- The person has fully admitted the offence during an IUC;
- The person expresses genuine remorse for what they have done.

If the person refuses the Caution, the case will usually be referred for prosecution.

Administrative Penalties

Section 115 of the Social Security Administration Act 1992, as amended by Section 15 of the Social Security (Fraud) Act 1997, allows the Council to apply an Administrative Penalty as an alternative to prosecution. The penalty is fixed to 30% of the total qualifying overpayment.

The Council may consider issuing an Administrative Penalty if:

- The claimant has been Interviewed Under Caution;
- To our knowledge the claimant has never previously offended;
- There was little or no planning involved in the process of committing the offence.

If the person refuses the Administrative Penalty, the case will usually be referred for prosecution.

The Decision to Administer a Sanction.

It is for the Investigating Officer to identify potential sanction cases and recommend which sanction should be imposed. Once the relevant evidence has been obtained, the Fraud Investigation Officer's Line Manager will make a final decision on what sanction to impose, or whether to proceed. The case can then be passed to the relevant prosecuting authority for legal action to be commenced.

Publicity

The Fraud Investigation Team aims to publicise cases where successful prosecutions have taken place. The final decision to publicise will rest with the Council's Communications and Consultation Unit.

Recovery of Overpayments

Regardless of whether or not any sanction action is taken, the Council will try to recover all overpayments. This action is taken by the Enforcement Team who will pursue all available methods of recovering the debt.

Proceeds of Crime

The Proceeds of Crime Act 2002 (POCA) was put in place to demonstrate that crime does not pay. In addition to the recovery of monies obtained directly through criminal activity – i.e. the overpaid benefit – the use of POCA ensures that the full scope of any criminal activity that the fraudulent claimant is involved with is identified, restrained and confiscated as appropriate.

The Council refers all suitable cases for financial investigation. These investigations are carried out in conjunction with accredited Financial Investigators from the Department of Work and Pensions, Serious and Organised Crime Agency, or the Metropolitan Police Service.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

1. What is money laundering?

Money laundering is the term used for several offences involving the proceeds of crime, or terrorism. This includes possessing, or in any way dealing with, or concealing, or converting the proceeds of any crime, as well as funds likely to be used for terrorism, as well as the proceeds of terrorism. Money laundering is generally used to describe the activities of organised criminals converting the proceeds of crime into legitimate activities, with the intention of hiding their true sources of income.

The current Money Laundering legislation covers all proceeds of crime, both money and property, regardless of how small the value. In reality, it involves a suspicion that someone is benefiting financially from dishonest activities. Therefore, the money laundering aspect would be the attempt to do legitimate business with the Council using assets and/or monies derived from the proceeds of crime or terrorism.

This guidance sets out the legal and regulatory requirements relating to money laundering, as they affect both the Council and you personally.

2. What laws exist to control money laundering?

In recent years, new laws have been passed which significantly shift the burden for identifying acts of money laundering from Police and Government agencies to organisations and their employees. The principal legislation and regulation relating to money laundering are the Proceeds of Crime Act 2002 (POCA), the Terrorism Act 2000 (TA), and the Money Laundering Regulations 2007.

There are three primary offences to take account of:

- **'concealing'** is where someone knows, or suspects, a case of money laundering, but conceals or disguises its existence;
- **'arranging'** is where someone involves himself or herself in an arrangement to assist money laundering; and,
- **'acquisition', 'use', or 'possession'** is where someone seeks to benefit from money laundering by acquiring, using, or possessing the property concerned.

There are also two third party offences to take account of:

- **'failing to disclose a primary offence'** is where someone becomes aware or suspects money laundering, but fails to take action in reporting it; and,
- **'tipping off'** is where someone informs a person who is, or is suspected of being, involved in money laundering, in such a way as to reduce the likelihood of being investigated, or prejudicing an investigation.

These money laundering offences may be committed by the Council itself, or by any of the Members and employees (including permanent, agency and temporary staff) working within it.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

3. What is the Council's response to money laundering?

Local authorities have a responsibility to ensure the proper conduct of public business. The consequences of the Council or any of its Members or employees facing prosecution under the money laundering legislation would be very serious and reflect poorly not only on the Council, but on the public service as a whole.

Although local authorities are unlikely to be a prime target for money laundering, the size and scope of services is such that it is not possible to discount entirely the risks surrounding money laundering. In order to mitigate this risk, this policy and guidance, including reporting arrangements, has been produced.

Management should ensure that arrangements are in place to prevent the Council and its Members and employees being exposed to money laundering in those services where there is a potential risk. They should also ensure that those Members and employees who may become exposed to money laundering are made fully aware of this guidance and are suitably trained.

It should be noted that the professional bodies of some employees (e.g. accountants and solicitors) have issued guidance on personal obligations and responsibilities relating to money laundering, and those employees should familiarise themselves with that guidance.

4. What are the implications for staff who become involved?

Examples of possible situations involving exposure to money laundering are found in the appendix to this document. However, it cannot be stressed too strongly that it is every Member and employee's responsibility to be vigilant, and to be aware of the requirement to report actual or suspected cases of money laundering.

While it is unlikely that a Member or employee would commit one of the three primary offences, a failure to disclose a suspicion of money laundering is a serious offence in itself, and there are only very limited grounds in law for not reporting a suspicion.

Depending on the severity of the suspected offence, the Magistrates' Court can issue fines of up to £5,000, or sentences of up to 6 months in prison (or both), and, in the Crown Court, fines are unlimited, and sentences of up to 14 years may be handed out.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

5. How do we ensure 'due diligence'?

The Money Laundering Regulations 2007 require the identification and monitoring of clients on a risk sensitive basis. Where relevant business is undertaken, the clients need to be subject to some form of risk based due diligence. Most of the Council's business is not defined in the regulations as being relevant; it is mainly those services involving accountancy, audit, legal, and property transactions which could be carrying out relevant business.

In most cases, the business undertaken will be where the client is another public or statutory body, and therefore the risk assessment indicates that no further due diligence about the status of the client is needed. However, for other third party clients or politically exposed persons (see attached appendix for definition) there needs to be formal and recorded due diligence checks.

A record will be maintained, by Corporate Finance, including details of the customer due diligence, which needs to be kept for five years after the end of the business relationship together with a record of the transactions also kept for five years. In these rare circumstances, guidance on performing the due diligence checks can be obtained from the Head of Audit and Risk Management.

6. What should I do if I suspect a case of money laundering?

If you have any questions or doubts about an individual, company, or transaction that you have been dealing with, then it is important to seek advice from the Head of Audit and Risk Management. This approach means that the information can be considered at the time the transaction or the business takes place.

Section 2 of this guidance states that failure to take action or to report activities is an offence under the Regulations. However, failure to do so is only an offence if the suspicion relates, in the event, to an actual crime. Therefore, a common sense approach needs to be taken, in order to ensure that officers' time is not wasted.

The Council has nominated the Head of Audit and Risk Management within the Corporate Resources Directorate as the officer responsible for dealing with any suspicions of money laundering. You should therefore report any suspicious transactions or concerns to the Head of Audit and Risk Management in writing. The matter would then be discussed with you and a decision made whether to make a formal report to the Serious Organised Crime Agency.

PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY AND PROCEDURES

A. Examples of possible situations involving exposure to money laundering

1. There may be situations where funds come into the Council from an unfamiliar source. In particular, if the Council is forming a new business relationship, or is considering undertaking a significant one-off transaction, it would be prudent to identify fully the parties involved. This will be especially true if the parties concerned are not physically present, or may be acting for absent third parties.
2. Transactions involving the handling of the proceeds of asset disposals, e.g. land sales, can be especially vulnerable, and may demand further enquiry. Caution should be exercised in respect of:
 - unusual arrangements; offshore funds being used;
 - transactions involving a third party who is not known to the Council, or where the identity of a party is difficult to establish or is undisclosed;
 - where an intermediary is involved, or where the ultimate ownership of a company is hidden; and,
 - situations where a party is evasive as to the source of funds.
3. Members or employees having direct contact with the public or businesses may become suspicious where the nature of the goods or the amounts of the cash seems inconsistent with what might, in the circumstances, be regarded as normal.
4. Cashiers may be asked, in the normal course of their work, to accept payments in unusually amounts of cash for the settlement of debts. As a guide, sums in the region of £10,000 and above would be regarded as a sum of cash that should be reported.
5. Circumstances which might arouse particular suspicion are where cash is tendered which exceeds significantly the amount of the debt, or the debt is paid twice (or more) and the person or business requests subsequently a refund from the Council of the balance.

B. Politically Exposed Persons

The Regulations define politically exposed persons as a person “...*who is or has, at any time in the preceding year been entrusted with a prominent public function by a state other than the United Kingdom, a European Community institution or an international body*” or a family member or known close associate of such a person.