



Ref: FOI / 5748

09th June 2025

Email:

Dear

Freedom of Information Act 2000 Request - Procurement Fraud

I refer to your FOI request and respond as follows:

- 1. Does the authority finance and accounts section/department (F/A section) have an audit member or team trained through and registered with the:**
 - a. Association of Certified Fraud Examiners (ACFE)?**
 - b. Fraud Professional Accreditation Board (CFPAB)?**
 - c. Government Counter Fraud Profession (GCFP)?**

No

- 2. Have the F/A section an internal policy to consult with external counter-fraud professionals investigating procurement fraud or dealing with procurement fraud risk?**

All potential/actual frauds are investigated in accordance with the Council's Counter Fraud, Raising Concerns and Anti Bribery Policy (please find attached)

- 3. Has the F/A section developed counter-fraud investigation methods dealing with specific procurement fraud risk and can a copy be provided?**

All potential/actual frauds are investigated in accordance with the Council's Counter Fraud, Raising Concerns and Anti Bribery Policy (please find attached)

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- 4. Have the F/A section developed counter-fraud investigation methods through a NIM risk management model and if so can a copy be provided?**

All potential/actual frauds are investigated in accordance with the Council's Counter Fraud, Raising Concerns and Anti Bribery Policy (please find attached)

- 5. Do the F/A section have a drafted model identifying vulnerabilities of potential procurement fraud within its procure-to-pay cycles to NIM standards or other statutory framework and if so, can a copy be provided?**

No

- 6. Do the F/A section share detected threats and intelligence through and register or operating strategy with other authorities?**

No

- 7. Do the F/A section have in place a tactical response and enforcement plan in place which involves the economic crime unit of the Police Service Northern Ireland?**

No

- 8. What assurance measures (if any) does the F/A section have in place that ensure the effective application of information and intelligence relating to procurement fraud risk by its counter fraud or audit staff is being implemented successfully?**

None

- 9. Do the F/A section operate independently under the Police and Criminal Evidence Act 1984 and if so under what authority?**

No

10. Do the F/A section operate independently in accordance with the Regulation of Investigatory Powers Act 2000 and if so under what authority?

No

PROCUREMENT FRAUD - CORRUPTION AND COLLUSION.

11. Have procurement fraud investigations been successful in uncovering procurer and bidder collusion through the discovery of inappropriate gifts or monetary kickbacks or has discovery been made through whistleblower disclosure?

Council has not been involved in any procurement fraud investigations.

12. Have procurement fraud investigations been successful in uncovering procurer and bidder collusion through contract specification manipulation and lack of performance auditing by Contract Managers?

Council has not been involved in any procurement fraud investigations.

13. Have procurement fraud investigations been successful in uncovering procurer and bidder collusion by a contractor been awarded frequent multiple contracts unlawfully or has discovery been made through whistleblower disclosure?

Council has not been involved in any procurement fraud investigations.

14. Have procurement fraud investigations been successful in uncovering procurer and bidder collusion through the discovery of new supplier unaudited agreements?

Council has not been involved in any procurement fraud investigations.

15. Have procurement fraud investigations been successful in uncovering bid and tender manipulation between contractors for tendered works?

Council has not been involved in any procurement fraud investigations.

16. Have procurement fraud investigations been successful in uncovering duplicated tender submissions involving duplicated rates, duplicated schedules, duplicated worksheets records?

Council has not been involved in any procurement fraud investigations.

17. Have procurement fraud investigations found concealment active by managers leading to abuse of position resulting if fraud or whistleblower disclosure?

Council has not been involved in any procurement fraud investigations.

18. Have procurement fraud investigations been successful through any whistleblower disclosure?

Council has not been involved in any procurement fraud investigations.

19. Has the authority been sued successfully or settled any out of court action for failing to protect whistleblowers under employment rights legalisation or other NI Order?

No

PROCUREMENT FRAUD – PRESS AND MEDIA PUBLICATION POLICY

20. Does the Council have a drafted policy on publishing fraud investigation prosecutions through the media, and can you provide a copy?

No

21. Which media outlets are used to publish fraud prosecutions?

Council has not been involved in any procurement fraud investigations.

22. Are whistleblowers provided protection by the authority when reporting procurement fraud to the media?

All Whistleblowers are treated in accordance with the Council's Counter Fraud, Raising Concerns and Anti Bribery Policy (please find attached).

If you are dissatisfied with our response, you have rights of review and appeal; these rights consist of two review processes.

Firstly, our internal review procedure is available by contacting:

John Kelpie
Chief Executive
Derry City and Strabane District Council
98 Strand Road
Derry BT48 7NN
Tel: 028 71253253 or email: john.kelpie@derrystrabane.com

Secondly, you can appeal directly by contacting the Information Commissioner at:

Information Commissioner
Wycliffe House
Water Lane
Wilmslow
CHESHIRE SK9 5AF
Tel: 0303 123 1113 (local rate) or email: casework@ico.org.uk

I would however advise that the Information Commissioner has indicated that a review will not be undertaken unless the Council has first had an opportunity to re-consider its decision.

Yours sincerely

Denise McDonnell
Lead Assurance Officer



Derry City & Strabane
District Council
Comhairle
Chathair Dhoire &
Cheantar an tSratha Báin
Derry Cittie & Stràbane
Destrìck Council

Counter Fraud, Raising Concerns and Anti-Bribery Policy

DSDC Policy	
Document Number	
Responsible Officer	Lead Assurance Officer
Contact Officer	Internal Audit Manager / Lead Assurance Officer
Approval	
Effective Date	December 2020
Modifications	Reviewed April 2017 – no amendments Reviewed July 2020 – amalgamation of Counter Fraud Policy, Whistleblowing Policy and Anti-Bribery Policy. Amendments made
Superseded Documents	Counter Fraud Policy, Whistleblowing Policy, Anti-Bribery Policy
Review Date	April 2024
File Number	
Associated Documents	

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Preamble

Traditionally the Council has always held separate individual policies for 'Counter Fraud', 'Raising Concerns' and 'Anti-Bribery'. However, there have always been clear links between the three areas so it was decided to create one new combined document so that all three policies are available as one unified document. The objective is to create a framework of policies under one overarching document to allow the Assurance, Audit and Risk Committee and senior management to set out in one document the arrangements that the Council has in place in the areas of counter fraud, raising concerns and anti-bribery.

Initially, these policies were written primarily for Council employees, however, there may be instances when these policies will also deal with third party concerns (i.e. non-workers). Third parties can include service users, members of the public or volunteers. If they raise an issue with the Council that would be considered 'whistleblowing' if raised by an employee (i.e. it involves wider public interest rather than personal interest), then the process for considering and investigating the concern should be largely the same as if the issue was raised by an employee. However, as there is no employment relationship, a third party will not have a legal remedy under employment law if they suffer detriment as a result of raising a concern.

The Council also has a Customer Service Charter setting out the standards that third parties can expect when contacting the Council to give comments, compliments or complaints. It is envisaged that most concerns received by the Council from third parties will be managed using these processes, the details of which can be found on the Council's website.

More details of where to raise issues can be found in the Raising Concerns section of this document at item 2.

Section 1 Counter Fraud Policy

1.1 Introduction and Scope

Derry City & Strabane District Council is committed to the prevention of fraud, the promotion of an anti-fraud culture and operates a zero tolerance attitude to fraud. The Council is committed to protecting the public money it looks after and to making sure that the opportunity for fraud and corruption is reduced to the lowest possible risk. Where there is the possibility of fraud, corruption and financial impropriety, the Council will deal with it in a firm and controlled manner.

Attempted and suspected fraud will be thoroughly investigated and where appropriate referred to the Police Service of Northern Ireland (PSNI) at the earliest juncture.

The main message is that the Council expects all employees, contractors, consultants, suppliers and service users to be fair and honest, and to give any help, information and support needed to deal with fraud, corruption and financial impropriety.

The Council will maintain robust control mechanisms to both prevent and detect fraud and corruption.

Our Fraud Response Plan on page 13 provides more information regarding the investigation and reporting of suspected fraud / financial impropriety. Concerns may also be raised using the Council's Raising Concerns Policy. Details on how to raise and report a concern are detailed in the Council's Raising Concerns Policy on page 26.

1.2 Policy Statement

This Counter Fraud Policy is concerned with internal and external fraud committed against Derry City & Strabane District Council by Council employees, suppliers of goods and services, contractors in the course of their work or other persons.

This policy applies to all Council workers (temporary, permanent, part time, full time and previous) and any agency staff, volunteers or consultants undertaking Council work. It also applies to those contractors working for the Council on Council premises and suppliers and service users.

Derry City & Strabane District Council requires all council workers, volunteers, contractors and consultants to act at all times honestly and with integrity and to safeguard the public resources for which they are responsible. The Council will not accept any level of fraud or corruption; consequently, any case will be thoroughly investigated and dealt with appropriately. Derry City & Strabane District Council is committed to ensuring that opportunities for fraud and corruption are minimised.

This Policy covers the prevention, detection and management of fraud and/or corruption and fair dealing in matters pertaining to fraud and / or corruption. It aims to raise the awareness of fraud and its prevention in the Council environment and to give

guidance to both the reporting of suspected fraud and how the investigation of that report will proceed.

This Policy explains the Council's position on fraud and corruption and includes 'Our Fraud Response Plan', which provides more detailed guidance on how the Council will deal with fraud and corruption. 'Our Fraud response Plan' is not limited to fraud and corruption but is applicable to any suspected act of financial impropriety that may put the Council's resources and assets at risk.

The Council is committed to preventing fraud from occurring and to developing an anti-fraud culture. To achieve this, the Council will:

- Develop and maintain effective controls to prevent fraud;
- Ensure that if fraud occurs a vigorous and prompt investigation takes place;
- Take appropriate disciplinary and legal action in all cases, and
- Review systems and procedures to prevent similar frauds.
- It is Derry City & Strabane District Council's policy that there will be consistent handling of all attempted, suspected or proven fraud cases without regard to the position held or length of service of the individual(s) involved.

1.3 Managing the Risk of Fraud

At a basic level, four elements are normally necessary for a fraud to occur:

- People to carry out the fraud. They may be individuals within the organisation, outside the organisation, and / or a group of people working inside or outside the organisation;
- Assets of some form to acquire fraudulently;
- Intent to commit the fraud; and
- Opportunity.

Managers must ensure that the opportunities for fraud are minimised. Opportunities to commit fraud may be reduced by ensuring that a sound system of internal control, proportional to risk, has been established and is functioning as intended. While some people would never contemplate perpetrating a fraud, others may if they thought they could do it without being detected. A high chance of being caught will often deter such individuals.

Fraud is just one of the many risks an organisation faces. However, the deliberate nature of fraud can make it difficult to detect and deter.

Derry City & Strabane District Council will adopt a risk based approach to manage fraud, to enable the organisation to target their resources, both for improving controls and for pro-active detection at problem areas. Fraud, within the Council, will be considered as a set of risks to be managed alongside other business risks. Managing the risk of fraud will be embedded in the entirety of the organisation's risk, control and Governance procedures. In broad terms, managing the risk of fraud within Derry City & Strabane District Council will involve:

- Understanding and measuring fraud risk.
- Creating and maintaining the right structures and culture to combat fraud.
- Dealing with fraud risk.
- Deriving assurance over the management of fraud risk.

1.4 Roles and Responsibilities

Everyone in an organisation contributes to the management of fraud risk. This starts at the top where senior management set the tone of the organisation and promote an anti-fraud culture throughout the organisation.

The Chief Executive

The Chief Executive has overall responsibility and is accountable for the effectiveness of fraud risk management. The Chief Executive is responsible for:

- Developing and maintaining an effective control environment to prevent fraud;
- Ensuring that rigorous and prompt investigations are carried out if fraud occurs;
- Ensuring that all staff are aware of the organisation's counter-fraud policy and know what their responsibilities are in relation to combating fraud;
- Ensuring that appropriate anti-fraud training opportunities are available to all staff;
- Taking appropriate disciplinary / legal action against perpetrators of fraud;
- Taking disciplinary action against a line manager or supervisor where supervisory failure has contributed to the commission of the fraud;
- Taking appropriate action to recover assets and losses.
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Directors

The Directors are responsible for establishing and maintaining a sound system of internal control that supports the achievement of Council policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks faced by Derry City & Strabane District Council. It is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

Management

All Line Managers have a responsibility for maintaining documented control systems and must be seen to be setting an example by complying fully with all procedures, regulations and controls.

The responsibility for preventing fraud lies with management through:

- Assessing the types of risk (including fraud risk) involved in the operations for which they are responsible;
- Ensuring that an adequate system of internal control exists within their areas of responsibility;
- Ensuring that controls are being complied with and their systems continue to operate effectively;
- Reviewing and regularly testing the control systems for which they are responsible;
- Implementing new controls to reduce the risk of similar fraud occurring where frauds have taken place; and
- Ensuring compliance with anti-fraud policies and the fraud response plan.

However, while Managers are responsible for assessing and controlling the level of risk within their areas of authority, it is the responsibility of all staff to be aware of fraud and take the necessary steps to minimise the risk to the Council.

Managing the risk of fraud is the same in principle as managing any other business risk. It is best approached systematically both at organisational and operational level. Managers should identify risk areas, assess the scale of risk, allocate responsibility for managing specific risks and implement and test controls to minimise the risks.

Management also have a responsibility to familiarise themselves with common fraud techniques in areas for which they have control. This should include being alert to signs which may indicate that fraud is taking place. These are often referred to as fraud indicators. More detail on these is include within Appendix 4.3 on page 35.

Management also have a responsibility to support the implementation of this policy and co-operate with Internal Audit, other services and personnel involved in undertaking investigative work. When applicable, management will assist the PSNI in the detection, reporting and investigation of fraud, corruption and financial impropriety, including prosecution of offenders.

Internal Audit

Internal Audit is responsible for:

- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls.
- Ensuring that management has reviewed its risk exposures and identified the possibility of fraud as a business risk.
- Carrying out fraud investigations in line with the organisation's fraud response plan and other related organisational policies.

Council workers, volunteers, contractors and consultants

Council workers, volunteers, contractors and consultants have a responsibility to protect the assets and reputation of the Council and are expected to be alert to the potential for fraud. Line Managers will be expected to brief staff on the common types of fraud perpetrated in their areas of responsibility.

Derry City & Strabane District Council must have, and be seen to have, the highest ethical and personal standards and be honest and objective in their work. Every member of staff is responsible for:

- Acting with propriety in the use of official resources and in the handling and use of public funds. This is the case whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers;
- Conducting themselves in accordance with the seven principles of public life set out in the first report of the Nolan Committee 'Standards in Public Life'. These principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud and alerting managers where they believe the opportunity for fraud exists.
- Reporting known or suspected frauds.
- Assisting in the investigation of suspected fraud.

The Code of Conduct for employees set out an approach to work that is both honest and fair. Employees must act in line with the code at all times.

Employees have an important part to play in dealing with fraud and corruption and the Council encourages all staff to highlight their concerns if they suspect fraud and / or financial impropriety.

The Council expects all senior managers to deal firmly and quickly with anyone who is responsible for fraud, corruption or serious impropriety. The Fraud Response Group may take the decision to refer matters to the PSNI if they suspect any criminal activity has been carried out.

The Council must ensure that any investigative process is not misused and therefore any abuse, such as raising allegations that are demonstrably made for an ulterior and undesirable purpose will be deemed not to have been made in good faith and disciplinary action may be considered against the individual making the allegation.

If fraud or serious financial impropriety is proven to involve staff, disciplinary action will be taken by management. Formal action may be taken in regard to staff who are found, after investigation, to have facilitated fraud as a result of a serious dereliction of duty. If financial impropriety is found to have taken place disciplinary action may also be taken against these staff.

1.5 Internal Controls

Internal controls are the key element in preventing fraud. They should be documented, communicated to all staff and staff should be regularly reminded of the purpose of and importance of complying with these controls.

It is the responsibility of Management to ensure controls in their areas of responsibility have been documented and communicated. Management should also periodically monitor compliance with controls.

Internal Audit will also test compliance. It should be emphasised that the primary function of Internal Audit is to evaluate the effectiveness of the overall framework of internal control, with management being responsible for ensuring implementation and monitoring the framework. However, Internal Audit will be available to work with management in an advisory and facilitating role in developing and improving the control framework and also in regard to the monitoring arrangements necessary to provide management with evidence of compliance.

Common explanations given for non-compliance with controls are that they are no longer applicable, insufficient time is available or they are not appropriate. It is important that such comments are reported to management so that the need for the controls can be re-evaluated.

1.6 Management Checks

The prevention and detection of fraud, corruption and financial impropriety is only possible where strong internal controls are present and constantly applied. Routine checks and monitoring by management to ensure that procedures are being followed are therefore essential. There are two benefits from implementing a culture of strong management controls:

A deterrent effect when it is known that Management are actively involved in ensuring that procedures are followed; and

The results of the checks will allow Management to identify any operational areas where controls are not being uniformly applied and investigate whether systems have been exploited.

1.7 Staff Training

Staff provide the best protection against fraud, corruption and financial impropriety. It is important therefore that Council policy on fraud prevention and investigation is fully communicated to all staff. The lack of clear guidance and ignorance of procedures will often be the first excuse used by offenders.

The recruitment of suitable staff is the Council's first defence in preventing fraud and financial impropriety. Best practice recruitment policies will be used including verbal communication with referees and past employers; and verification of educational and professional qualifications.

Staff awareness of policy and procedures is fundamental to the effective operation of systems. The Council will ensure that:

- Instruction and discussion on control and probity issues are part of staff induction;
- Formal staff training on operational procedures;
- Detailed written instructions for specific tasks;
- Publication and communication of Council policies; and

- Regular communication with staff regarding changes to policies and procedures.

Management should ensure that their staff are aware of relevant policies and procedures.

1.8 Fraud Detection and Reporting

The primary responsibility for detecting fraud lies with management through the implementation, documentation and operation of effective systems of internal controls. The Internal Audit Section, through their evaluation of the control framework also have a role to play in preventing and detecting fraud, however this is not the main function of Internal Audit.

Responsibility for internal control rests with management and they should ensure that controls are effective without regard to audit activity. However, Internal Audit will, during the course of any assignment, exercise due professional care and be alert to the risk of fraud.

All staff have a responsibility to be aware of the potential for fraud and take the necessary steps to minimise the risk to the Council. Management should ensure staff in their areas of operation are familiar with the common types of fraud. The Council is not advocating the creation of an overtly suspicious environment but expects staff to be alert to the potential for fraud in areas where they operate.

Staff should not be dissuaded from reporting suspected fraud or financial impropriety. The Council is fully committed to supporting and protecting staff who raise legitimate concerns and the anonymity of individuals who report any suspicions will be preserved if requested unless this is incompatible with a fair investigation or legal imperative. The Council's Raising Concerns Policy on page 18 is intended to encourage and enable staff and third parties to raise serious concerns. Employees reporting concerns in this way are afforded certain rights through legislation (Public Interest Disclosure (NI) Order 1998). More detail is provided in the Raising Concerns Policy Appendices at item 4.6 on page 40.

1.9 Our Fraud Response Plan

Introduction

This section of our Counter Fraud Policy sets out the responsibilities of staff and the action that should be taken in relation to suspected fraud and / or financial impropriety.

Staff will often be the first to notice the potential for financial impropriety or indeed actual fraud. Staff suspicious of fraud should in the first instance and if appropriate report their concerns to their Manager. The requirement to alert Management is not

confined to suspicions about other members of staff, but includes any misgivings staff may have about contractors, consultants, suppliers and service users. If necessary a route other than the Manager may be used to raise such concerns e.g.

- Chief Executive
- Director
- Lead Finance Officer
- Lead Assurance Officer
- Lead Legal Services Officer
- Internal Audit Manager
- Lead Human Resources Officer

Preliminary Fact Finding Reviews

Conducting an initial assessment and preliminary fact finding review into allegations of Fraud / Financial Impropriety:

Upon receipt of information, the Lead Assurance Officer, in conjunction with the Internal Audit Manager, will make an initial assessment to determine the following:

- Whether to recommend to the Lead Officer / Head of Service / Director that liaison with the Lead Human Resources Officer is required as the matter should be considered under the relevant Human Resources procedures.
- Whether to have a preliminary fact finding review carried out in the area in which the information was received with a view, in particular, to ascertaining whether there are any indicators of fraud or financial impropriety. Alternatively, it may be the case that the preliminary investigation will result in the area in which the concern was raised being included for review as part of the normal audit planning process.
- Whether to immediately convene a meeting of a Fraud Response Group.
- Whether to recommend to the Lead HR Officer / Head of Service / Director and Chief Executive that a formal report be made to the PSNI.

If it is felt that, after the initial assessment, the case does not relate to fraud or financial impropriety, the details may be referred directly to management for further investigation.

The Fraud Response Group

Where the preliminary fact finding review indicates that fraud and / or financial impropriety may have occurred, the Chief Executive will convene a group of senior officers to make a decision on the next steps. This team will be known as the Fraud Response Group. The Fraud Response Group will consist of a Director, the Lead Assurance Officer, the Lead Legal Services Officer, a representative from Human

Resources and the Lead Officer / Head of Service from the Department involved if appropriate. The Fraud Response Group will appoint a Chairperson which would normally be the most senior officer sitting on the group. The Internal Audit Manager or a representative from management will present findings from the preliminary fact finding review to the Fraud Response Group.

If the Fraud Response Group is satisfied that there is a case to be answered, immediate steps will be taken to safeguard any evidence and prevent further losses.

A decision to undertake a full investigation or to inform the PSNI will not be taken unless and until the Chief Executive has been consulted. If an allegation of fraud also involves the investigation of the conduct of Council Officers, that aspect of the investigation will be conducted in accordance with the Council's Disciplinary Procedures.

The Fraud Response Group will consider the available evidence and then decide on the further action to take. The Fraud Response Group may decide on a number of actions including, but not limited to, the following:

- Internal Audit carry out an investigation;
- The matter should be dealt with under the relevant Human Resources policies;
- To confirm there is sufficient evidence to support the allegations;
- Consider referral to the PSNI;
- Appointment of external resources to assist.

If staff are implicated at this stage and it would appear that there is sufficient evidence to justify future disciplinary action, the possibility of suspension will be considered by the Fraud Response Group, in conjunction with the relevant Director. Staff should not be dismissed prior to a thorough investigation. In such circumstances, the Council's disciplinary procedure will apply.

There is an obvious requirement to record all details fully, accurately and in a manner that is accessible. In terms of access to records and documentation the access rights and the authority to gain access to records is important. (i) If Internal Audit is carrying out the investigation the authority is detailed in the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 and also set out in the Charter for Internal Audit, which has been approved by the Council's Assurance, Audit & Risk Committee. (ii) If management is tasked with carrying out the investigation then it is the Fraud Response Group which gives the authority.

Staffing issues

A representative from the Council's Human Resources Section will be on the Fraud Response Group to provide advice / guidance on employee rights and disciplinary implications (if necessary).

It is important in any investigation that enquiries are conducted within the parameters of relevant laws and regulations.

Concluding on Investigations

At the conclusion of investigations into fraud and / or financial impropriety the Fraud Response Group may consider that further follow up management investigations are necessary (which may or may not result in disciplinary action). If this is the case the Chair of the Fraud Response Group will write to the relevant Lead Officer / Head of Service / Director indicating that further follow up investigations should be considered.

Where fraud and / or financial impropriety are detected then disciplinary procedures will be instigated and this may lead to dismissal of the individual concerned. In all cases the Council will co-operate fully with the PSNI and pursue prosecutions where possible.

Reporting on Investigations

The investigation will be carried out as a matter of urgency and the report will be submitted initially to the Chief Executive and the Fraud Response Group. The Assurance, Audit & Risk Committee and the Local Government Auditor will be advised of the outcome of all investigations where actual fraud has occurred / been identified. Summary reports will be provided to the AARC and the detailed reports will be available for inspection upon Members' request. The investigation report may not be presented to the Assurance, Audit and Risk Committee until investigations are concluded in order to avoid prejudicial reporting.

If there is disciplinary or court proceedings and / or PSNI involvement then summary reports will be presented to AARC when proceedings are concluded.

Third party investigations

The Council is committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, the Council will be prepared to help and exchange information with other Councils and third party organisations to deal with fraud. Reporting on such work will be discussed and agreed with the third party and depend on the nature of the investigatory work and the associated risks.

Communicating Outcomes:

Where enquiries have resulted in a fraud being identified, the Senior Leadership Team will give consideration to publishing a summary of the details of the fraud and / or financial impropriety for staff circulation.

The publication of summary details may be in the form of a staff notice, briefly covering the case details and reiterating the overall Council policy on fraud.

Reporting on the System of Internal Control

After the conclusion of an investigation, Internal Audit, where appropriate, will compile a report for departmental management on any control issues that have arisen as a result of the investigation. This report will provide management with key findings and

recommendations for improvement, where deficiencies in the control environment have precipitated an investigation into fraud or financial impropriety. A summary report will also be presented to the Council's Assurance, Audit & Risk Committee highlighting significant system weaknesses and recommendations for improvement. Internal Audit may conduct a follow up review to determine progress against recommendations made and reports the results of the follow up review to the Assurance, Audit & Risk Committee. As with the investigation report, systems reports may not be presented to the Assurance, Audit and Risk Committee until investigations are concluded in order to avoid prejudicial reporting.

1.10 Implementation

Support & Advice

Advice and guidance on how matters of concern may be pursued can be obtained from the Lead Assurance Officer and/or the Internal Audit Manager.

Communication Strategy

All Council Workers, agency staff, contractors and consultants have access to this Policy. Staff will be advised if further information is required in relation to the Policy to contact the Lead Assurance Officer and/or the Internal Audit Manager for advice and guidance. In addition to this training will be organised for relevant staff. A copy of the policy will also be held on the Council's website for review by third parties.

Risk Management

Failure to effectively implement this Policy increases the risk of the Council not achieving the highest possible standards in terms of openness, probity and accountability. This Policy will be monitored regularly to ensure that it is being implemented.

1.11 Monitoring, Review and Evaluation

This section of the policy will be reviewed again in April 2024.

Section 2 Raising Concerns Policy

2.1 Introduction

Raising a concern in the public interest is the action of telling someone in authority, either internally (DCSDC Management) or externally (e.g. regulators or media), about wrongdoing, risk or malpractice. There can be confusion around the terms 'raising a concern' and 'whistleblowing'. Some wrongly believe that they are separate steps involving an 'escalation', i.e. someone 'raises a concern' then, if they feel they have not been heard, they 'blow the whistle' within their organisation or to an outside body. This is a misunderstanding. Whistleblowing and raising a concern are the same thing.

The term 'whistleblowing' does not exist in law. It is a word that has become commonly associated with the action of raising a concern, usually by an employee or worker, about what they believe is wrongdoing within their organisation.

The ideal is that whistleblowing or raising concerns, is not viewed with fear and negativity but as a normal, positive part of everyday business.

Concerns raised provide public bodies with an important source of information that may highlight serious risks, potential fraud or corruption

Employees are often the first to realise that there may be something seriously wrong within any organisation so the importance of their role as the 'eyes and ears' of organisations cannot be understated. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or they may fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

Derry City and Strabane District Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council encourages employees and third parties with serious concerns about any aspect of the Council's work to come forward and voice those concerns without fear of reprisals. It is recognised that certain cases will have to proceed on a confidential basis. This policy document makes it clear that you can do so without the fear of victimisation, subsequent discrimination or disadvantage.

This Raising Concerns Policy is intended to encourage and enable employees and third parties to raise serious concerns within the Council rather than overlooking a problem or reporting the problem to the media or other external bodies. Raising Concerns is therefore essential to:

- Safeguard the integrity of the organisation;
- Safeguard employees;
- Safeguard the wider public; and
- Prevent damage.

The purpose of this policy

The purpose of this policy is to promote the responsible raising of concerns about issues where the interests of others, including the public, or of the Council itself are at risk. Such issues might include:

- A criminal offence;
- The breach of legal obligation;
- A miscarriage of justice;
- Bribery;
- Negligence;
- Financial impropriety;
- A danger to the health or safety of any individual;
- Damage to the environment;
- Concerns about malpractice;
- Any other matter that may be of public concern; or
- Deliberate covering up of information tending to show circumstances of this kind.

This policy aims to:

- Encourage staff and third parties to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- Make staff and third parties feel confident to raise concerns within the Council rather than overlooking a problem or reporting the problem to the media or other public bodies;
- Give staff and third parties avenues to raise concerns and receive feedback on any action taken;
- Inform staff and third parties on how to take the matter further if they are dissatisfied with the response; and
- Reassure staff and third parties that they will be protected from reprisals or victimisation for raising concerns in good faith.

The benefits to the Council of encouraging staff and third parties to report concerns include:

- Identifying wrongdoing as soon as possible;
- Exposing weak or flawed processes and procedures which make the Council vulnerable to loss, criticism or legal action;
- Ensuring critical information gets to the right people who can deal with the concerns;
- Avoiding financial loss and inefficiency;
- Maintaining a positive corporate reputation;
- Reducing the risks to the environment or the health or safety of employees or the wider community;
- Improving accountability; and
- Deterring workers from engaging in improper conduct.

Policy Statement

Derry City and Strabane District Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, the Council encourages employees and third parties with serious concerns about any aspect of the Council's work to come forward and voice those concerns without fear of reprisals.

Harassment or Victimisation

The Council is committed to good practice and high standards and wants to be supportive of employees and third parties.

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for, or suspected of, the malpractice. If what you are saying is true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.

The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith. However, should you feel that you have suffered harassment, either directly or indirectly, as a result of raising a concern; you should contact the Lead Human Resources Officer.

Any investigation into allegations of potential malpractice will not influence, or be influenced by, any disciplinary or redundancy procedures that may already affect you. You can raise a concern openly, confidentially or anonymously.

Openly

Raising a concern openly means that you are happy to be identified as the person who raised the concern. Openness makes it easier for the Council to address the issue, work out how to investigate the matter, understand the reasons for your concern and get more information. This policy encourages you to put your name to your concern whenever possible. Openness can also encourage others to come forward, as they will know that a concern has been raised.

Confidentiality

The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. However, it must be appreciated that the investigation process may reveal the source of the information and a statement by you may be required as part of the evidence, particularly if the PSNI or Local Government Auditor becomes involved. In order to take effective action, the Council will need proper evidence, which may be required to stand up to examination in Courts or Tribunals.

Anonymous Allegations

If staff or third parties request that their identity should not be disclosed, the Council will not disclose it without consent. If the situation arises where a concern cannot be investigated or resolved without revealing the employee's or third party's identity, or if there is a legal imperative to disclose the identity, the Council will discuss this with the employee or third party and decide how the issue will be progressed.

Concerns expressed anonymously are much more difficult to investigate but they will be considered at the discretion of the Council. Factors to be taken into account by the Council in exercising discretion would include:

- The seriousness of the issues raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Although anonymous concerns will be considered there are a number of disadvantages to raising concerns anonymously, including

- Detailed investigations may be more difficult, or even impossible, to progress if you choose to remain anonymous and cannot be contacted for further information.
- The information and documentation you provide may not easily be understood and may need clarification or further explanation.
- There is a chance that the documents you provide might reveal your identity.
- It may not be possible to remain anonymous throughout an in-depth investigation.
- It may be difficult to demonstrate to a tribunal that any detriment you have suffered is as a result of raising a concern

Untrue Allegations

If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, the matter will be dealt with under the Council's disciplinary procedures.

Scope

The aim of this policy is to ensure that a concern may be raised by someone internal to the Council, generally a member of staff or by someone external to the Council. This Policy deals with Council employees (temporary, permanent, part time, full time and previous) and any agency staff, volunteers or consultants undertaking Council work. It also applies to those contractors working for the Council on Council premises.

Information received from an external source, for example, from members of the public can be dealt with using the Raising Concerns Policy or the Councils Complaints System depending on the nature of the concern being raised.

The nature of the issue being raised will determine whether it is a concern, a grievance or a complaint, and therefore the appropriate policy under which it will be addressed.

Concern

Raising a concern is all about ensuring that if someone sees something wrong in the workplace, they are able to raise this within the Council, or to a regulator, or more widely. Raising a concern ultimately protects customers, staff, beneficiaries and the Council itself by identifying harm before it's too late.

Someone may raise a concern about danger, illegality or wrongdoing that affects others. The person raising the concern is usually not directly or personally affected, they are simply trying to alert others who can address the issue. For this reason, they should not be expected to prove the malpractice. Such concerns will be handled by this 'Raising Concerns Policy'.

Grievance

Grievances are concerns, problems or complaints raised by a staff member with management in relation to their working conditions or relationships with colleagues.

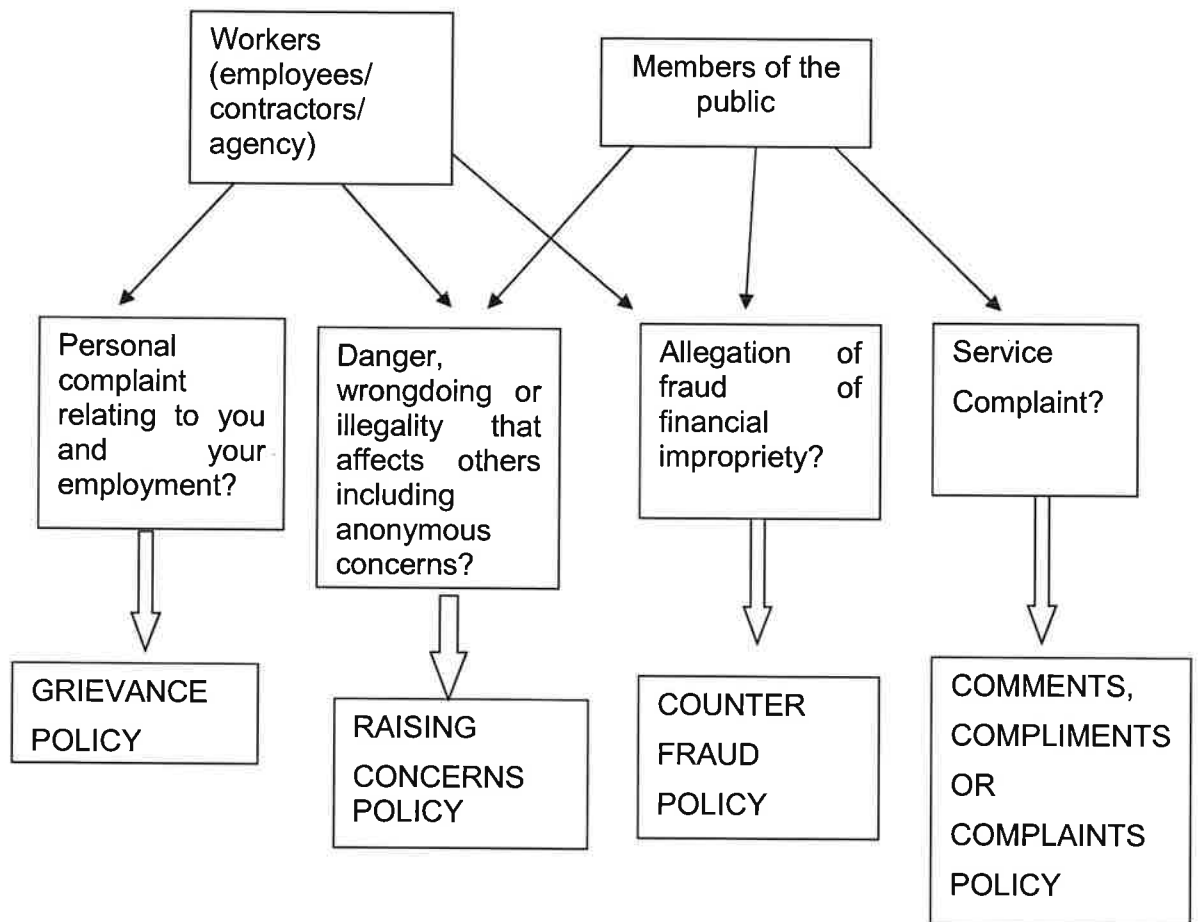
When a worker raises a grievance, they are saying that they personally have been treated poorly. This may involve, for example, a breach of their individual employment rights or bullying, and the person is seeking redress or justice for themselves. They therefore have a vested interest in the outcome and, for this reason, are expected to prove their case. Such issues should be handled in line with the Councils 'Grievance Policy'.

Complaint

A complaint is when a third party or service user brings a problem to the attention of the Council and may expect some redress, probably over and above simply supplying the original product or service that was the cause of the complaint.

A third party or service user may complain about a product supplied or a service provided to them. They will have been personally affected by a faulty product or poor service and may be seeking some form of compensation or redress. Such issues will be handled in line with the Council's 'Comments, Compliments and Complaints Policy'.

The diagram below summarises the types of issues that may be raised and the relevant policies which should apply. More detail is provided in each policy.



The Council's 'Raising Concerns Policy' can deal with issues raised by both workers and third parties, for example, members of the public. Alternatively, the Council may choose to use the 'Comments, Compliments or Complaints Policy' for dealing with concerns raised by the wider public.

What if it is not clear cut?

There may be instances where a person raises an issue which has elements of both a wider concern affecting others and of personal interest. Council management will endeavour to disentangle the issues and deal with each in accordance with the relevant policy.

Employees

If an employee has a concern, it is their responsibility to raise it in the first instance with their supervisor / line manager. If, for whatever reason, you feel that raising it with your line manager is not appropriate or it has not worked, please raise the matter with the Internal Audit Manager, Lead Assurance Officer, Lead Human Resources Officer or the relevant Director.

Management

Managers who receive disclosures should:

- Have a positive and supportive attitude towards the person raising the concern;
- Record as much detail as possible about the concern being raised and agree this record with the person;
- Be aware of the process following the raising of a concern and explain this to the person;
- Make sure the employee knows what to expect, for example in relation to feedback on their concern;
- Assure the person that their confidentiality will be protected as far as possible, if they request this;
- Make no promises and manage the expectations of the person;
- Make clear that the organisation will not tolerate harassment of anyone raising a genuine concern and ask the person to let you know if this happens;
- Refer the employee to available sources of support, for example Public Concern at Work (PCaW) or a Union; and
- Pass the information as quickly as possible to those within the organisation responsible for dealing with concerns (usually someone within senior management), so that consideration and investigation of the concern can be initiated under the appropriate Council policy.

Internal Audit

If the allegation is in relation to a specific fraud then the matter will be dealt with in compliance with item 1.9 Our Fraud Response Plan in the Counter Fraud section of this policy.

Third Parties

Third Parties such as a member of the public can raise concerns directly with the Council. The nature of the issue raised will determine the policy under which the Council will consider the matter. Concerns will be treated seriously and be dealt with in the same way as concerns raised by staff members. It is the issue being raised which is important, not the person raising it.

How to raise a concern:

Concerns should be raised at the earliest opportunity in order for the Council to investigate the matter. You do not need to have firm evidence of malpractice before raising a concern. However, we do ask that you explain as fully as you can the information or circumstances that give rise to your concern.

The Council's 'Comments, Compliments and Complaints Policy' explains the variety of ways to raise concerns with the Council by:

Completing the Comments, Compliments or Complaints Form;

In person at any of the receptions;

In writing;

By emailing: customerfeedback@derrystرابane.com

By telephone: 028 71 253253

By textphone: 028 71 376646

Through our website: www.derrystرابane.com.

If you are an employee, you should initially raise your concerns with your line manager, if appropriate, and this can be done either verbally or in writing.

Concerns are better raised in writing. You should set out the history of the concern, giving names, dates and places where possible, and the reasons why you are particularly concerned about the situation.

If, for whatever reason, you feel that raising it with your line manager is not appropriate or it has not worked, please raise the matter with the Internal Audit Manager, Lead Assurance Officer, Lead Human Resources Officer or the relevant Director.

If the above channels have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, you can raise your concern directly with the Chief Executive.

If an employee wants independent advice at any stage, he/she may contact the independent charity Public Concern at Work on 020 7404 6609 or www.pcaaw.co.uk.

How the Council will respond

Within 15 working days of a concern being received, the person who raised the concern should expect to receive communication of the following:

- That the concern has been received. If you so request, we will write to you summarising your concern and setting out how we propose to handle it.
- Confirmation that the Council proposes to deal with the matter in compliance with these policies;
- Confirmation of the current position and whether any initial enquiries have been made;
- An estimate of when a further update will be provided to the person who raised the concern.

When you raise the concern you may be asked how you think the matter might best be resolved. If you have any personal interest in the matter, please tell us at the outset. If your concerns fall more properly within the Comments, Compliments or Complaints Policy or the Grievance Policy for employees then we will tell you.

While the purpose of this policy is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we possibly can. Please note, however, that we may not be able to tell you the precise action we take where this would infringe a duty of confidence owed by us to someone else.

How the matter can be taken further

While we cannot always guarantee the outcome that you may be seeking as a result of raising the matter with us, we will try to deal with your concern fairly and in an appropriate way. By using this policy you can help us to achieve this. The Council hopes that individuals will be satisfied with any action taken. If they are not, and they feel it is right to take the matter outside the Council, the following are possible contact points:

- The Northern Ireland Audit Office (NIAO)
- Trade Union
- The Commissioner of Complaints
- The PSNI

2.5 Implementation

Support & Advice

Advice and guidance on how matters of concern may be pursued can be obtained from the Internal Audit Manager or Lead Assurance Officer. You can get confidential, independent advice from the charity Public Concern at Work on 020 7404 6609. You can also email them for advice at the following address whistle@pcaw.org.uk

Guidelines & Forms

The Counter Fraud Policy will assist in the implementation of or compliance with this policy.

Communication Strategy

All Council Workers, agency staff, contractors and consultants have access to this Policy. Staff will be advised if further information is required to relation to the policy to contact the Internal Audit Manager or Lead Assurance Officer for advice and guidance. In addition to this training will be organised for relevant staff. A copy of the policy will also be available on the Council's website for review by third parties.

Risk Management

Failure to effectively implement this policy increases the risk of the Council not achieving the highest possible standards in terms of openness, probity and accountability; which in turn increases the risk of problems being overlooked or the matter being reported to the media or other external bodies. This policy will be monitored regularly to ensure that it is being implemented.

2.6 Monitoring, Review and Evaluation

This section of the policy will be reviewed again in April 2024.

Section 3 Anti-Bribery Policy

3.1 Introduction

Bribery is defined as an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

Bribery is a criminal offence. Derry City & Strabane District Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor will the Council accept bribes or improper inducements such as gifts or hospitality.

Derry City & Strabane District Council is committed to the prevention, deterrence and detection of bribery. The Council has a zero-tolerance towards bribery and aims to maintain anti-bribery compliance 'business as usual' rather than as a one-off exercise.

To use a third party as a conduit to channel bribes to others is a criminal offence. Derry City & Strabane District Council does not, and will not engage indirectly in or otherwise encourage bribery.

This Policy provides a coherent and consistent framework to enable the Council's employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

The Council requires all employees, including those permanently employed, temporary agency employees and contractors to:

- Act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible; and
- Comply with the spirit as well as the letter of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.

3.2 Policy Statement and Scope

Policy Statement

The Council commits to:

- Setting out a clear anti-bribery policy and keeping it up to date.
- Making all employees aware of their responsibilities to adhere strictly to this policy at all times.
- Training all employees so that they can recognise and avoid the use of bribery by themselves and others.

- Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately.
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecutions.
- Taking firm and vigorous action against any individual(s) involved in bribery.
- Providing information to all employees to report breaches and suspected breaches of this policy.
- Including appropriate clauses in contracts to prevent bribery.

Scope

This policy applies to all Council workers (temporary, permanent, part time, full time and previous) and any agency staff, volunteers or consultants undertaking Council work. It also applies to third parties, those contractors working for the Council on Council premises and suppliers and service users.

3.3 Roles and Responsibilities

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All employees are required to avoid activity that breaches this policy.

All employees must ensure that:

- They read, understand and comply with this policy; and
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, employees that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

3.4 Our Anti-Bribery Response Plan

Anti-Bribery Procedures

The Council's procedures cover six principles:

Proportionality

The Council has procedures in place to prevent bribery by persons associated with it. These are proportionate to the bribery risks faced by the Council and to the nature, scale and complexity of the Council's activities. They are also clear, practical, accessible, effectively implemented and enforced.

Top Level Commitment

The Chief Executive and the Directors are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable through an effective corporate governance framework.

Risk Assessment

The nature and extent of the Council's exposure to potential external and internal risks of bribery on its behalf by persons associated with it is periodically assessed. This includes financial risks but also risks such as reputational damage.

Due Diligence

The Council takes a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

Communication (including training)

The Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication; including training that is proportional to the risks it faces.

Monitoring and Review

Procedures designed to prevent bribery are monitored and reviewed and improvements are made where necessary.

Bribery is not tolerated

It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given.
- Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure.
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them.

- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided in return.
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy.
- Engage in activity in breach of this policy.

Facilitation Payments – are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

Gifts and Hospitality – The Council’s Policy on Gifts and Hospitality must be adhered to at all times. It is important to note that the acceptance of gifts or hospitality can constitute bribery in some instances.

Raising a Concern

The Council is committed to ensuring that all employees and third parties have a safe, reliable and confidential way of reporting any suspicious activity; and wants each and every employee and third party to know how they can raise concerns.

If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved. Please refer to the Council’s Raising Concerns Policy and Counter Fraud Policy.

Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, the Council will act as soon as possible to evaluate the situation. The Council has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind.

Any queries about these procedures can be raised with the Internal Audit Manager or the Lead Assurance Officer.

3.5 Implementation

This policy applies to all Council workers (temporary, permanent, part time, full time and previous) and any agency staff, volunteers or consultants undertaking Council work. It also applies to third parties and those contractors working for the Council on Council premises.

Support & Advice

Advice and guidance on how matters of concern may be pursued can be obtained from the Internal Audit Manager and/or the Lead Assurance Officer.

Guidelines and Forms

The Raising Concerns Policy and Counter Fraud Policy will assist in the implementation of or compliance with this Policy.

Communication Strategy

All Council Workers, agency staff, contractors and consultants have access to this Policy. Staff will be advised if further information is required in relation to the Policy to contact the Internal Audit Manager and/or the Lead Assurance Officer for advice and guidance. In addition to this training will be organised for relevant staff. A copy of the policy will also be available on the Council's website for review by third parties.

Risk Management

Failure to effectively implement this Policy increases the risk of the Council not achieving the highest possible standards in terms of openness, probity and accountability. This Policy will be monitored regularly to ensure that it is being implemented.

3.6 Monitoring, review and evaluation

This Policy will be reviewed in April 2024 by the Lead Assurance Officer.

Counter Fraud Policy Appendices

4.1 Legal & Policy Framework

This policy will have a positive impact on the Council's strategic themes of Regional Leadership, which aims to provide a "Democratically accountable and effective leadership, championing the needs, aspirations and priorities of the region" and also Service Delivery where Council aims to provide 'Quality for money' services, defined by the needs of the region, delivered in an efficient and responsive manner.

Impact Assessment

Screening and Equality Impact Assessment

A Screening Questionnaire has been completed and is attached.

Impact on staff and financial resources

There will be no impact on staff and financial resources as a result of this Policy.

Sustainable development

There will be no sustainable development impact as a result of this Policy.

4.2 Fraud Definitions

The term fraud is commonly used to describe the use of deception, to deprive, disadvantage, or cause loss to another person or party. This can include theft, the misuse of funds or other resources or more complicated crimes such as false accounting and the supply of false information. The terms fraud is used generically in this policy and covers criminal acts such as bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation and collusion.

Prior to 2007 there was no legal definition of fraud and in response to the growing threat of fraud the Government introduced The Fraud Act 2006. The legislation became effective from the 15th January 2007. The Fraud Act now provides for a general offence of fraud, with three defined ways of committing fraud. An individual can be prosecuted under the Fraud Act 2006 if he/she makes a false representation, fails to disclose information or abuses his position.

Fraud by false representation

If a person dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to risk of loss. A representation is false if it is untrue or misleading, and the person making it knows that it is, or might be, untrue or misleading;

Fraud by failing to disclose information

If a person dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose and intends, by failing to disclose the information, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and

Fraud by abuse of position

If a person occupies a position in which he/she is expected to safeguard, or not to act against, the financial interests of another person, and he/she dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or to expose another to a risk of loss.

The Fraud Act 2006 supplements other legislation, such as the Theft Act (NI) 1969 and the Theft (NI) Order 1978. In addition, the UK Bribery Act 2010 clarifies the law in relation to bribery and corruption – refer to Council's Anti Bribery Policy.

While the Fraud Act now provides a legal definition of 'fraud', this Policy covers fraud in its widest sense, as understood by a member of the general public. As such it covers cases of theft, false accounting, bribery and corruption to defraud, money laundering etc.

Fraud risk

Fraud risk is the vulnerability or exposure an organisation has towards fraud and irregularity. It combines the probability of fraud occurring and the corresponding impact measured in monetary terms.

4.3 Fraud Indicators

Fraud indicators are clues or hints that a closer look should be made at an individual, area or activity. Examples of issues that could be investigated to ensure fraud is not taking place include:

These may include:

- Staff under stress without a heavy workload;

- Unexplained wealth and sudden change in lifestyle;
- Staff always working late;
- New staff resigning quickly;
- Original documents being lost and replaced by photocopies;
- Suppliers / contractors / customers insisting on dealing with a particular member of staff;
- Excessive use of correcting fluids;
- Cosy relationships with suppliers / contractors / customers;
- Reluctance of staff to take leave;
- Sudden changes in behaviour;
- Staff refusing promotion.
- Unusual employee behaviour (e.g. a supervisor who opens all incoming mail, refusal to comply with normal rules and practices, fails to take leave, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regular working of long hours, job dissatisfaction / unhappy employee, secretiveness or defensiveness).
- Unrecorded transactions or missing records (e.g. invoices, contracts).
- Disorganised operations in such areas as accounting, purchasing or payroll.
- Crisis management coupled with a pressurised business environment.
- Absence of controls and audit trails (e.g. inadequate or no segregation of duties, lack of rotation of duties).
- Low levels of review or approval.
- Policies not being followed.
- Inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation).
- Lack of interest in, or compliance with, internal controls.
- Documentation that is photocopied or lacking essential information.
- Alterations to documents.
- Missing documents such as expenditure vouchers and official records.
- Excessive variations to budgets or contracts.
- Bank and ledger reconciliations are not maintained or cannot be balanced.
- Excessive movements of cash or transactions between accounts.
- Numerous adjustments or exceptions.
- Duplicate payments.
- Large payments to individuals.
- Unexplained differences between inventory checks and asset or stock records.
- Transactions not consistent with the entity's business.
- Deficient screening for new employees including casual staff, contractors and consultants.
- Employees in close relationships in areas where segregation of duties is a key control.
- Unauthorised changes to systems or work practices.
- Lowest tenders or quotes passed over with minimal explanation recorded.
- Single vendors.
- Unclosed but obsolete contracts.
- Defining needs in ways that can be met only by specific contractors.

- Splitting up requirements to remain under purchase control limits e.g. procurement thresholds or to avoid prescribed controls.
- Vague specifications.
- Disqualification of any qualified bidder.
- Chronic understaffing in key control areas.
- Excessive hours worked by key staff.
- Consistent failures to correct major weaknesses in internal control.
- Management frequently override internal control.
- Lack of common sense controls such as changing passwords frequently, requiring two signatures on cheques or restricting access to sensitive areas.

4.4 Types of fraudulent activity

Fraud

A fraud is an intentional deception made for personal gain or to damage another individual. Fraud covers matters such as:

- Alteration or falsification of documents or records;
- Omission of transactions or their effects from financial records or other documents;
- Creating false transactions;
- Misappropriation of Council property, including cash or misuse of Council facilities, including telephone and stationery.
- Corruption – may be defined as including all acts demonstrating a lack of integrity, including bribery. Corruption covers matters such as:
- Accepting bribes, gifts or undue hospitality from other parties in return for favorable treatment.
- Failure to follow Council procedures without satisfactory explanation and/or approval regarding quotations and tenders to knowingly benefit a particular supplier, whilst not corruption per se, represents a breakdown in application of Council procedures and will be investigated as such.

Theft

Dishonestly appropriating the property of another with the intention of permanently depriving them of it (Theft Act (NI) 1969). This may include the removal or misuse of funds, assets or cash.

False Accounting

Dishonestly destroying, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain for another, or with intent to cause loss to another or furnishing information which is or may be misleading, false or deceptive (Theft Act (NI) 1969).

Bribery

The Bribery Act 2010 came into effect on 1st July 2011. It defines four new criminal offences of offering or paying a bribe; requesting or receiving a bribe, bribing a foreign public official; and failure of commercial organisations to prevent bribery by persons associated with them. For offences committed before the 1st July 2011, which involved the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers will fall under the Prevention of Corrupt Practices Act.

Conspiracy to Defraud

It is an offence for two or more persons to agree by dishonesty to embark on a course of conduct which, if the agreement is carried out in accordance with their intentions, will necessarily amount to or involve some third party being deprived of something which is his or to which he is entitled or might be entitled.

Money Laundering

While public sector organisations are not normally covered within the list of 'relevant persons' to which the Money Laundering Regulations 2007 apply, as a matter of good practice bodies should consider the risk that their systems and processes are at risk from being used to launder money. Where there is considered to be a risk of such activity bodies should take appropriate actions which may include appointing a money laundering reporting officer and complying with other elements of the Money Laundering Regulations.

4.5 Examples of Fraud

Below are examples of fraudulent activities. The list is by no means exhaustive, but these examples have been provided to help illustrate the many different kinds of fraud, which can be perpetrated.

Cash Handling

- Theft;
- Income received not brought into account;
- Illegal transfer or diversion of money;
- Changes and additions to payee details through BACS;
- Accounting records are falsified or amended to allow unauthorised payments;
- Invoices are falsified or duplicated in order to generate false payment;
- Supplier bank account details are changed in order to divert payments; and
- Unauthorised use of cheques and payable orders.

Payroll / Travel & Subsistence

- Creating fictitious employees who pay is then obtained by the fraudster or by someone in collusion, or obtaining pay that is not consistent with the employee's grade;
- Making false claims for allowances, travel and subsistence; and

- Misuse of corporate credit cards.

Grant Payments

- Grant funds are misappropriated.

Contracting

- A contractor could be selected as a result of favoritism or who does not offer best value for money; and
- Payments made for work not carried out as a result of collusion between contractor and employee.

Purchasing

- Unauthorised use of purchasing systems in order to misappropriate goods or use services for personal gain;
- Short deliveries of goods or services;
- Acceptance of unsolicited goods or expanded orders as a result of fraudulent acceptance of attractions such as free gifts; and
- Orders placed on the internet are not delivered or goods received are not of the desired quality.

Assets

- Theft or unauthorised use of assets.

Information

- Theft of sensitive / restricted documentation or information.

Money Laundering

- Individuals or groups pass money transactions through organisational systems.

4.6 Legal and Policy Framework

The Public Interest Disclosure (NI) Order 1998 came into operation in Northern Ireland in October 1999. The Order offers a framework of protection against victimisation or dismissal for workers within an organisation who 'blow the whistle' on criminal behaviour or wrong doing.

The Public Interest Disclosure Act (1998) has rules for making a protected disclosure:

- You must disclose the information in good faith;
- You must believe it to be substantially true;
- You must not act maliciously or make false allegation; and
- You must not seek any personal gain.

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires local authorities to publish an Annual Governance Statement. Included with the requirements of the Annual Governance Statement is that the local government body must have adequate arrangements in place for Whistleblowing.

4.7 Legal and Policy Framework

The Bribery Act came into effect on 1st July 2011. The legislation requires the Council to demonstrate that it has adequate procedures in place for dealing with circumstances where officers are offered bribes. The main practical implication of the Act for Council staff is that they must comply with the requirements of the Council's policies and procedures.

There are four key offences under the Act:

- Bribery of another person (Section 1)
- Accepting a bribe (Section 2)
- Bribing a foreign official (Section 6)
- Failing to prevent bribery (Section 7)

The Bribery Act makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign official with the intention of obtaining or retaining business or an advantage in the conduct of business.

There is also a corporate offence under Section 7 of the Act of failure by a 'commercial organisation' to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. This is what is known as a 'strict liability' offence. This means that there is no need to prove negligence or management complicity. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

Is the Council a 'commercial organisation'?

The guidance states that a 'commercial organisation' is any body formed in the United Kingdom and "... it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made." There are circumstances in which the Council will be a commercial organisation for the purposes of Section 7. This Policy is intended to ensure that the Council has in place the necessary procedures to act as a defence to a Section 7 offence.

This policy will have a positive impact on the Council's strategic themes of Regional Leadership, which aims to provide a "Democratically accountable and effective leadership, championing the needs, aspirations and priorities of the region" and also

Service Delivery where Council aims to provide “Quality for money services, defined by the needs of the region, delivered in an efficient and responsive manner.

Impact Assessment

Screening and Equality Impact Assessment

A completed Screening Questionnaire has been completed and is attached.

Impact on staff and financial resources

There will be no impact on staff and financial resources as a result of this Policy.

Sustainable development

There will be no sustainable development impact as a result of this Policy.

4.8 Bribery Offences

This appendix summarises the Bribery Act (2010)

Section one of the Act – Offences of bribing another person

A person is guilty of an offence if either of the following cases applies:

Case 1 is where –

- (a) A person offers, promises or gives a financial or other advantage to another person; and
- (b) Intends the advantage:
 - To induce a person to perform improperly a relevant function or activity, or
 - To reward a person for the improper performance of such a function or activity.

Case 2 is where –

- (a) A person offers, promises or gives a financial or other advantage to another person; and
- (b) That person knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

Section two of the Act – Offences relating to being bribed

There are four different case scenarios in relation to this section. In essence an offence is committed where a person requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly (whether by that person or another person).

Section Six of the Act – Bribery of Foreign Public Officials

While it is unlikely that this section will have any impact on the Council, it includes specific provisions in relation to the offence which relate to the bribery of a foreign public official with the intention of obtaining business or an advantage in the conduct of business.

Section Seven of the Act – Failure of Commercial Organisation to Prevent Bribery

A relevant commercial organisation is guilty of an offence under this section if a person associated with the organisation bribes another person intending –

- (a) To obtain or retain business for the organisation; or
- (b) To obtain or retain an advantage in the conduct of business for the organisation.

There is, however, a defence for this offence if the organisation can prove that they had in place adequate procedures designed to prevent persons associated with it from undertaking such conduct.

In addition to the provisions of the Bribery Act, Section 117(2) of the Local Government Act 1972 as amended requires that employees must disclose any personal interest in contracts that have been, or are proposed to be, entered into by the Council.

4.9 Penalties

An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 6 months (12 months in England and Wales), or to a fine not exceeding £5,000, or to both.
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Council, if convicted under section 1, 2 or 6 will also face the same level of fines and, if guilty of an offence under Section 7, is liable to an unlimited fine.

