

Brentwood Borough Council

Anti-Fraud Policy

(Incorporating Bribery, Corruption and Money Laundering)

Document Control

Purpose:	Policy to incorporate information and guidance on Fraud, Bribery, Corruption and Money Laundering within Brentwood Borough Council. The policy outlines and includes the culture, deterrence, roles and responsibilities and the response plan for Officers and Members of The Council.
Author & Title:	Victoria Banerji Corporate Fraud Manager
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Approvals

Name	Title	Date	Version

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1. Introduction

It is widely recognised that the offences of fraud, bribery, corruption and money laundering particularly within a corporate environment (whether in the public or private sector) are very closely linked together. Very often, one of these actions will give rise to another and will facilitate a second offence, or as is commonly the case, all four.

The authority has previously maintained separate policies on fraud, bribery, corruption, and money laundering. Due to their close connection as highlighted above, and the creation of a Corporate Fraud Service who is responsible for the handling of the four subject matters, it has now been considered prudent to revise this approach. This has led to the advent of one single document encompassing all previous policies.

The components found within the initial 'Fraud policy' will now form a single overarching approach to how the authority prevents, detects and investigates fraud, bribery and corruption and money laundering.

This revised combined Anti-Fraud Policy; seeks to provide guidance on all four subject areas. Most importantly it will enable the Officer of Brentwood Borough Council, to source information on what to do if any incidence of fraud, bribery, corruption money laundering is suspected, with ease.

2. Fraud Policy

2.1 Policy Statement

Brentwood Borough Council takes its duty to ensure proper stewardship of public money very seriously. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption, whether these are attempted from within or outside the organization.

The Council expects the highest standards of conduct and integrity from all who deals with it including staff, members, contractors, volunteers and the public. It is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability in order to protect public safety and public money.

All suspicions or concerns of fraudulent or corrupt practice will be investigated.

There will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

2.2 Aims and Objectives

The aim of this policy is to provide a guide to Brentwood Borough Council Officers, Members and associates, on what fraud is, the roles and responsibilities of the individual in preventing fraud, and how to report it fraud if suspected. This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act.

For ease of understanding it is separated into six key areas:

- Culture
- Prevention, Roles and Responsibilities
- Deterrence
- Detection
- Awareness and Monitoring
- The Response Plan

2.3 Scope

This policy applies to all Brentwood's operations and activities and covers both internal and external fraud issues which are committed against the Council.

The policy applies to all Brentwood Borough Council employees (permanent and temporary), at all levels and grades, as well as contractors, partners, agency staff, agents,

volunteers, consultants and Members (including independent members).
It is recommended that any partners, providers and suppliers either adopt this policy, or, ensure they adhere to a policy consistent with the principles outlined in this document.

2.4 Fraud Definition

The Fraud Act 2006 introduced the first legal definitions of fraud. These legal definitions are used for the criminal prosecution of fraud offences. For the purposes of this policy fraud is considered to be any action taken by an individual, group or organisation which is designed to facilitate dishonest gain at the expense of the council, the residents of Brentwood or the wider national community.

Fraud offences can vary in nature, and often involve other criminality. This can include theft, deception, misappropriation, embezzlement, forgery, corruption, bribery, extortion, false accounting, false representation, concealment of material facts and acts of conspiracy, collusion and aiding and abetting any act of dishonesty.

2.5 Fraud and Corruption risks

It is important that the Council recognises and manages the risks relating to fraud and corruption in order to prevent them from occurring. Furthermore, it is imperative that these risks are routinely considered as part of the Council's overall approach to risk management. To understand the nature of these risks, the following have been identified as key issues that are relevant to Brentwood Borough Council:

- Social Housing Tenancy Fraud – this includes risks such as fraudulent housing applications, mutual exchanges, illegal subletting etc.
- The Right to Buy scheme – fraudulent applications and suspected money laundering
- Money Laundering – Exposure to suspect transactions
- Council Tax – fraudulently claimed discounts (including Local Council Tax Support), refund scams
- Non-Domestic Rates – fraudulent applications for exemptions, unlisted properties
- Grants (including Disabled Facilities Grants) – false eligibility and applications, diverted funds, works not carried out.
- Insurance Fraud – suspected false claims particularly those relating to personal injury
- No recourse to public funds – fraudulent eligibility for Council services such as Social Housing
- Payroll Fraud – false and “ghost” employees, overtime and mileage claims,

- expenses.
- Internal Frauds – such as fund diversion, accepting bribes, stealing monies and / or Council property, social housing misallocations for personal gain, working elsewhere whilst off sick, abuse of position such as misuse of assets / resources.
 - Procurement Fraud – tendering issues, split contracts, double invoicing
 - Cyber Crime / Fraud – frauds such as false applications for services, fund diversion.

It is important to note that the above represents the key fraud risk areas and examples of each. It is not intended to be an exhaustive list.

3. Culture

The prevention/detection of fraud/corruption and the protection of public money are responsibilities of everyone, both internal and external to the organisation. The Council's elected members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.

Concerns must be raised when members, employees or the public reasonably believe that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- A criminal offence
- A failure to comply with a statutory or legal obligation
- Improper or unauthorised use of public or other official funds
- A miscarriage of justice
- Maladministration, misconduct or malpractice
- Endangering an individual's health and/or safety
- Damage to the environment
- Deliberate concealment of any of the above

The Corporate Fraud Team have the remit to investigate all matters of suspected fraud, theft and corruption within Brentwood Borough Council, both internally and externally (with the exception of Housing Benefit fraud investigation which transferred to the Department for Work and Pensions). The Team will ensure that any allegations received in any way,

including by online form, anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner.

The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through Group procedures (members).

When fraud or corruption has occurred due to a breakdown in the Council's systems or procedures, Directors will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

4. Prevention

Brentwood Borough Council recognises that fraud and corruption are costly, both in terms of reputational risk, and financial losses. The prevention of fraud is therefore a key objective of the authority and the fundamental roles and responsibilities are detailed in the chart below.

Role	Responsibilities
Audit & Scrutiny Committee; (or equivalent)	To monitor the Council's policies, recommend their application across the Council and to consider the effectiveness of the arrangements for countering fraud.
Contractors and Partners	Contractors and partners are expected to create an environment in which their staff feel able to approach them (or the Council directly) with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the Whistleblowing Policy, or may contact the Corporate Fraud Team directly.
Senior Leadership Team / Managers	<p>The Senior Leadership Team, and Managers at all levels are responsible for the communication and implementation of this policy. They are also responsible for ensuring that their employees are aware of the Council's HR policies and procedures, the Council's Financial Regulations and Standing Orders and that the requirements of each are being met.</p> <p>Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. They must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the correct anti-fraud/zero tolerance culture throughout</p>

Role	Responsibilities
	<p>Brentwood Borough Council.</p> <p>The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or agency staff. The Council's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history. As in other public bodies Criminal Records Bureau (CRB) checks are undertaken for employees working with or who may have contact with children or vulnerable adults.</p> <p>The Corporate Leadership Board and Managers have a responsibility to ensure that effective systems of control are in place corporately and within their service area, to both prevent and detect fraud, and that those systems operate properly. Risk assessments should take place on a regular basis to monitor the effectiveness of the current systems.</p> <p>Managers and the Corporate Leadership Board have a duty to inform the Corporate Fraud Team immediately, of any suspected cases of fraud. They must not endeavour to undertake any form of investigating themselves.</p>
Elected Members	<p>As elected representatives, all members of the Council have a duty to protect the Council and public money from any acts of fraud and corruption. This is done through existing practice, compliance with the National and Local Code of Conduct for Members, the Council's Constitution including Financial Regulations, Standing Orders, the Anti-Bribery Policy and relevant legislation. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. Officers advise members of new legislative or procedural requirements.</p>
External Audit	<p>Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by Ernst and Young through specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption. It is not the external auditors function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity and will act without undue delay if grounds for suspicion come to their notice.</p>

Role	Responsibilities
External Bodies	Brentwood Borough Council will ensure that the exchange of information on national and local fraud activities will take place with external bodies such as Police, county, unitary and district Council groups, Department for Work and Pensions and other government departments.
Chief Finance Officer	<p>The statutory responsibilities of the Chief Finance Officer as defined by S151 of the Local Government Act 1972 outlines that every local authority in England & Wales should:</p> <p>'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility or the administration of those affairs'.</p> <p>'Proper administration' encompasses all aspects of local authority financial management including:</p> <ul style="list-style-type: none"> - Compliance with the statutory requirements for accounting and internal audit; - Managing the financial affairs of the Council; - The proper exercise of a wide range of delegated powers both formal and informal; - The recognition of the fiduciary responsibility owed to local tax payers. <p>Under these statutory responsibilities, the Finance Director contributes to the anti-fraud and corruption framework of the Council.</p>
Corporate Fraud Team	<p>All suspected instances of fraud or corruption should be reported to the Council's Corporate Fraud Team.</p> <p>The Corporate Fraud Team will investigate all matters of suspected fraud, theft and corruption (with the exception of Housing Benefit Fraud which has been transferred to the Department for Work and Pensions) within Brentwood Borough Council.</p> <p>Following investigation, the Corporate Fraud Team may seek to prosecute as per section 5.2. or, where appropriate, seek guidance from the relevant services such as Human Resources, or Legal Services.</p> <p>The Corporate fraud team will ensure employees are provided with fraud awareness training to assist in the prevention of fraud.</p>
Internal Audit	<p>It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. As such, Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. However, Internal Audit do endeavour to plan their work so that they have a reasonable expectation of detecting significant control weaknesses and, if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. Internal Audit liaises with management to recommend changes in procedures to reduce risks and help to prevent losses to the authority.</p>

Role	Responsibilities
Monitoring Officer	<p>The Monitoring Officer is responsible for ensuring that all decisions made by the Council are within the law. The Monitoring Officer's key role is to promote and maintain high standards of conduct throughout the Council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standards policies.</p> <p>The Council also has a Whistleblowing Policy and process in place to protect such a process.</p>
Staff	<p>Each employee is governed in their work by the Council's Standing Orders and Financial Regulations, and other policies on conduct and IT usage. Included in the Council policies are guidelines on Gifts and Hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest. In addition, employees are responsible for ensuring that they follow any instructions given to them, particularly in relation to the safekeeping of the assets of the Council. Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with the Corporate Fraud Team.</p>
Stakeholders and customers	<p>This policy is primarily aimed at implementing the necessary culture and processes within the Council. It's stakeholders and customers may become aware of issues that they feel might indicate fraud. They should refer to the Council's Whistleblowing Policy, or they can contact the Section 151 Officer directly.</p>
The Public	<p>To be aware of the possibility of fraud and corruption against the Council and report any concerns or suspicions.</p>
The Chief Executive	<p>The Chief Executive is accountable for the Council's overall governance arrangements including the procedures and effectiveness of the Council's arrangements for countering fraud and corruption.</p>

5. Deterrence

5.1 Disciplinary Action

The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Theft and dishonesty are serious matters which may constitute gross misconduct against the Council. Employees will face disciplinary action if there is evidence that they have been involved in these activities, including benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual

case.

Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Council. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a breach of the Code of Conduct for Members, then it will also be referred for investigation and appropriate sanction through the Council's due process.

Employees or Members involved in fraud, theft, or corruption, that does not involve the Council or its finances, may still be subject to the above action if it is considered to undermine the Council and its reputation.

Please refer to the link within appendix 12.1 for the Council's Code of Conduct

5.2 Prosecution

Utilising the provisions of Section 222 of The Local Government Act 1972, the Corporate Fraud Team in conjunction with Legal Services are appropriately authorised to undertake investigations and criminal prosecutions into cases of fraud and corruption that involve the Council.

Brentwood Borough Council will evaluate each case on its own merits, and, in certain circumstances, the prosecution of offenders may be deemed necessary. Where appropriate, the Proceeds of Crime Act will be used to maximize the penalty suffered by the fraudster, and the level of financial recovery by Brentwood Borough Council.

5.3 Publicity

Brentwood Borough Council recognizes the key role publicity plays, in the deterrence of fraud. Communications will try to ensure that actions taken including prosecutions will be reported in the media.

6. Detection

All staff, Members and any other stakeholders in Council Services, play an important role the identifying potential fraud and corruption. It is however, not the responsibility of those groups to investigate suspicions themselves. The investigating of suspected fraud by an unqualified person, may undermine the ability for a case to be pursued.

The Council has endeavored to develop systems and procedures that include effective and efficient controls. These are designed to achieve clarity and accountability. One important control is giving people separate duties. This prevents any one person having too great an influence over any transaction.

The Council's controls are designed so that even if a fraud happens, it will be found quickly, and the responsible person will be identified. The effectiveness and appropriateness of these controls are reviewed regularly by management including an independent review by Internal Audit.

7. Awareness and Training

The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees and will therefore take appropriate action to raise awareness levels.

Fraud Awareness training will be available to all staff via attendance at training sessions, or via our e-learning system.

Specific fraud training will be offered to those employees in higher risk roles such as those working within finance.

8. The Response Plan

8.1 Reporting Fraud or Corruption

Should you have a concern, or suspect fraudulent activity taking place, there are various channels to help you raise your concern.

In the first instance, you must complete an online fraud reporting form (Appendix 13.2). This form will be directed to the Council's Corporate Fraud Team to investigate. Please refer to the Appendices 13.1, to ensure you are following correct procedures when reporting your concern.

Should you have concerns about a member of senior management, please refer to the Whistleblowing policy for guidance found in the HR microsite on the staff intranet.

We aim to encourage openness and will support anyone who raises a genuine concern. There will be no recriminations against staff that report reasonably held suspicions, and victimising or deterring staff from reporting concerns will be treated as a serious disciplinary matter.

8.2 Housing Benefit and Council Tax Issues

The Revenues and Benefits Service, currently works as part of a shared service, along with our neighbouring council; Basildon Borough Council. The fraud team within

Brentwood Borough Council will however still investigate and referrals which are related to the Borough of Brentwood.

The response plan for fraudulent activity suspected within the Revenues and Benefits Service, alters depending on which type of fraud is suspected;

- **Housing Benefit fraud** is investigated by the Department for Work and Pensions. If you have information on suspected Housing Benefit fraud, you must complete relevant form found in section 13.2. This will be received by the Department for Work and Pensions who will investigate accordingly.
- **Council Tax Support, Discount and Business Rate fraud** will be investigated by the Fraud team within Brentwood Borough Council. In the first instance, you must complete an online fraud reporting form which is located on the staff intranet or found in section 13.2. The fraud team will receive the referral and investigate as appropriate.

8.3 Investigations

Once in receipt of a referral regarding suspected fraud, bribery or money laundering, initial enquiries will take place in order to:

- Determine any facts that gave rise to the suspicion
- Examine any factors to determine whether there has been a genuine mistake made, or whether an irregularity has occurred

Following the findings of the initial enquiries, a formal investigation may be deemed necessary. The nature of the investigation, lines of enquiry followed and evidence obtained will vary depending on the irregularity being investigated and will, for the most part be fluid and reactive. The investigating officer will be seeking to gather evidence by way of interviews, the taking of written witness statements and the obtaining of evidence.

The investigating officer will consult and take advice from Human Resources particularly on matters regarding employment law, policies and procedural matters where required. It is imperative in these circumstances, that a clear distinction must be made between those advising the investigating officer and those advising the staff member.

Legal Services may also be consulted as appropriate, to advise or seek external advice in order to support any investigation.

Any investigation will be conducted with full compliance with The Criminal Procedures and Investigations Act 1996 which governs the conduct of a criminal investigation (such as obtaining and recording evidence) as well as any other legislation that may apply such as The Police and Criminal Evidence Act 1984 (PACE), The Regulation of Investigatory Powers Act 2000 (RIPA), The Human Rights Act 1998 and Data Protection Act 2018 (this is not an exhaustive list).

In general terms however, the following principles will apply to the investigation:

- Any investigation will be conducted promptly (subject to evidence gathering activities) with periodic updates given as appropriate to the Chief Finance Officer
- All actions and evidence will be recorded either by written or electronic means and stored securely with access given purely on a “need to know” basis.
- Enquiries and evidence gathering activities will be undertaken as discreetly as possible with sensitivities observed where appropriate.
- Confidentiality will be maintained throughout with information only shared where circumstances and the law allows.

Where it is considered appropriate, the investigation may involve the input of other agencies such as local authorities as well as other law enforcement agencies such as the Police and HM Revenue & Customs. Liaison and / or joint working will be conducted in accordance with established guidelines and protocols.

The investigating officer must not and will not accept any offer of repayment of monies or resignation at any stage during the investigation, however any such offers will be noted and recorded on the investigation file and reported to the Chief Finance Officer.

The Council has a right to suspend any employee involved pending the outcome of an investigation. Any such suspension, is, in the opinion of the Council, a neutral act and does not imply any guilt on behalf of the suspended employee. The suspension of an employee can, in some circumstances aid the speed in which an investigation can be conducted and serve to preserve vital evidence.

When suspects are not suspended, supervision of the employee will usually need to be increased and any manager should seek the advice of Human Resources and ICT on how this can best be accomplished.

8.4 Outcomes of an Investigation

It should be noted that due to Data Protection Regulations, it may not always be possible for the Corporate Fraud team to provide an update to the referrer on the outcomes of any investigations undertaken.

Should any control weaknesses be identified, the Chief Finance Officer and relevant manager will be informed and remedies be actioned immediately.

Should there be disciplinary issues identified as part of the investigation, a full report will be made to Human Resources who will work with the relevant manager to decide what happens next. Should any course of action result in a disciplinary hearing, the investigating officer will (if required) make themselves available to give evidence at the hearing.

If taking criminal action presents itself as an option, this decision will be fully explored and should fraud be proven, the Council will make every effort to recover any monetary losses. The method of doing so may vary depending on the type of loss and relevant legislation, however all options will be explored including civil court proceedings and in the case of criminal prosecution, proceedings brought under The Proceeds of Crime Act 2002.

9. Bribery Act Policy

9.1 Policy statement

Bribery is a criminal offence. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we or will we, accept bribes or improper inducements.

To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

We are committed to the prevention, deterrence and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance as a “business as usual” attitude rather than as a one-off exercise.

9.2 Objective

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

We require that **all** Members and employees, including those permanently employed, temporary agency staff and contractors:

- act honestly and with integrity at all times and to safeguard the Council’s resources for which they are responsible
- 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.

9.3 Scope

This policy applies to all of the Council’s activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.

This policy covers all staff, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), volunteers and consultants.

9.4 Definition

Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person. This may include bribery and embezzlement.

Broadly, bribery is defined as giving or receiving a financial or other advantage in connection with the 'improper performance' of a position of trust, or a function that is expected to be performed impartially or in good faith. Bribery does not have to involve cash or an actual payment exchanging hands, and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event (this is not intended to be an exhaustive list).

9.5 The Bribery Act

The [Bribery Act 2010](#) came into force on 1 July 2011, and places responsibilities and powers on organizations such as local authorities. Particular attention should be paid to:

- Sections 1-4, General bribery offences, which includes 'Offences of bribing another person' and 'Offences relating to being bribed'.
- Section 7, 'Failure of commercial organizations to prevent bribery'. The statutory 'adequate procedures' defense to the failure to prevent bribery, highlights the need to have appropriate procedures in place within Brentwood Borough Council to prevent Bribery taking place.

The following six principles should be considered in order to avoid committing the offence of failing to prevent bribery, they should also be considered for the prevention of fraud:

1. Proportionality – the action taken should be proportionate to the risks we face and the size of our authority
2. Top Level Commitment – Directors, Heads of Service and Senior Managers need to create an environment of zero tolerance toward bribery
3. Risk Assessment – Ensuring risk assessments take place to understand the bribery risks we may face
4. Due Diligence – Knowing and understanding who our organization is dealing with
5. Communication – Ensuring all staff are given adequate training and are aware of policies and procedures
6. Monitoring and Review – Ensuring policies are kept up to date following changes.

9.6 Brentwood Borough Council's commitment to action

This organisation commits to:

- Setting out a clear anti-bribery policy and keeping it up to date
- Making Members and employees aware of their responsibilities to adhere to this policy at all times
- Training for all Members and employees so that they can recognise and avoid the use of bribery by themselves and others
- Encouraging both its Members and 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 prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to all Members and employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery

9.7 Unacceptable behaviours

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
- 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 by us 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

9.8 Facilitation payments

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

9.9 Gifts and Hospitality

This policy does not change the requirements of the Council's Gifts and Hospitality guidance nor does it interfere with the duties on Members to disclose as set out in the Code of Conduct under the Localism Act. All staff should ensure that they are in compliance with Gifts and Hospitality procedures as set out in the Staff Code of Conduct. Similarly, Members should ensure they comply with requirements of Gifts and Hospitality as set out in the Members Code of Conduct.

9.10 Public contracts and failure to prevent bribery

Under the Public Contracts Regulations 2006 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2006 regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. However, the Council has the discretion to exclude organisations convicted of this offence.

9.11 Member and Staff responsibilities

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

You must:

- ensure that you read, understand and comply with this policy
- raise concerns as soon as possible if you 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, staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct. Similarly, Members will face action through the Standards Committee for breaches of the Code of Member Conduct

9.12 Raising a concern

Brentwood Borough Council is committed to ensuring that all of us have a safe, reliable and confidential way of reporting any suspicious activity. We want Members and every member of staff to know how they can raise concerns.

We all have a responsibility to help detect, prevent and report instances of bribery. 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.

Preferably, the disclosure will be made and resolved internally. However, where internal disclosure proves inappropriate, concerns can be raised with the regulator. Raising concerns in these ways may be more likely to be considered reasonable than making disclosures publicly (e.g. to the media).

Concerns can be anonymously. In the event that an incident of bribery, corruption, or wrongdoing is reported, we 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. This is easier and quicker if concerns raised are not raised anonymously.

Staff who refuse to accept or the offer of a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

The Council are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

Please refer to appendix 13.2 for the ways to report bribery and corruption.

10. Anti-Money Laundering Policy

10.1 Policy Statement

Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2007, however, guidance from CIPFA (The Chartered Institute of Public Finance and Accountancy) indicates Local Authorities should comply with the underlying spirit of the legislation and regulations.

Brentwood Borough Council is committed to the highest possible standards of conduct and has therefore, put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

10.2 Objective

Its aim is to enable employees and Members to understand the basic concepts of money laundering, how to report any concerns they may have, and how their concern will be dealt with.

10.3 Scope

This policy applies to all Brentwood Borough Council employees (permanent and temporary) at all levels and grades as well as contractors, partners, agency staff, agents volunteers, consultants and Members of the Council (including independent members.)

Individuals who have a concern relating to a matter outside work should contact the Police.

10.4 Definition

The most common motive for crime is financial gain or to obtain valuable property. Whenever criminals do anything with that financial gain or criminal property, they 'launder' it. Money laundering offences are serious; they carry sentences of up to 14 years' imprisonment, but criminals and their associates still commit them every day.

Money laundering is the process by which criminals try to hide the origin of the proceeds of their crimes, making it look as if those proceeds were acquired legitimately. In doing so, criminal property obtained unlawfully is turned into property or money that can be accessed via legitimate methods without arousing suspicion. In other words, 'laundering' is the process of turning 'dirty' money into 'clean' money.

Money laundering has three distinct phases. They are:

- Placement; the movement of criminally-obtained money into the wider economy;
- Layering; undertaking transactions (perhaps bogus) to conceal the origin of the money; and
- Integration; making it look as if money has come from a legitimate source.

Two distinct offences affect employees, contractors and Members of the Council

- Failure to disclose one of the offences listed above, where there are reasonable grounds for knowledge or suspicion.
- Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.

Although the term 'money laundering' is generally used to describe the activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

Successful money laundering means criminals can enjoy the fruits of their criminality and fund further criminal activity. Stopping money laundering disrupts organised crime by removing the life-blood of the 'business' and prevents low level criminals from moving up into major level crime.

10.5 Requirements of the Money Laundering Legislation

The main requirements of the legislation are:

- To appoint a money laundering reporting officer.
- Maintain client identification procedures known as know your customer (KYC) and know your business (KYB).
- Implement a procedure to enable the reporting of suspicions of money laundering.
- Maintain record keeping procedures.

10.6 Money Laundering and Investment Properties

If you are involved in property transactions, you must ensure you are complying with the following:

- Money Laundering Regulations 2017
- Proceeds of Crime Act 2002
- Terrorism Act 2000

You have duties under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 to:

- Identify and verify the identity of your client
- Identify and take reasonable steps to verify any beneficial owners of your client
- Get information on the purpose of the client's business relationship with you

The last requirement means more than just finding out that a person wants to sell a property. It includes looking at all the information in the retainer and deciding if it's consistent with a lawful transaction or not.

A series of the more common methods of money laundering via investment properties have been identified and those undertaking any form of property investments should be aware of the following:

- **Use of complex loans or credit finance**

Depending on the way in which a loan is structured, two different schemes have been detected, loan-back schemes and back to back loans.

Loan-Back schemes are transactions used by suspected criminals to buy properties – either directly or indirectly – through the purchase of shares in property investment funds.

Criminals lend themselves money, creating the appearance that the funds are legitimate.

Back to back loans are where a financial institution lends money based on the existence of collateral posted by the borrower in the usual way. However, the collateral presented to the financial institution originates from criminal or terrorist activities.

- **Use of non-financial professionals**

Obtaining Access to Financial Institutions Through Gatekeepers

Criminals and terrorists have often used non-financial professionals or gatekeepers to access financial institutions. This means seeking out the experience of professionals such as lawyers, tax advisors, accountants, financial advisors, notaries and registrars in order to create the structures needed to move illicit funds unnoticed. These professionals act as gatekeepers by providing access to the international financial system, and knowingly or not, can also facilitate concealment of the true origin of funds. This is especially important during the process of determining eligibility for a mortgage, opening bank accounts, and contracting other financial products, to give the deal greater credibility.

Non-financial professionals can be approached by money launderers and terrorists not just to create legal structures, but also to manage or administer these companies. These professionals may have been aware that they are taking an active role in a money laundering operation.

- **Use of corporate vehicles**

Corporate vehicles (legal persons of all types and various legal arrangements eg trusts) are often found to be misused in order to hide the ownership, purpose, activities and financing related to criminal activity.

Apart from obscuring the identities of the beneficial owners of an asset or the origin and destination of funds, these corporate vehicles are also sometimes used in criminal schemes as a source of legal income. In addition to shell companies, there are other specialised companies that carry out perfectly legitimate business relating to real estate, which have sometimes been misused for money laundering purposes;

Offshore Companies

Legal persons formed and incorporated in one jurisdiction, but actually used by persons in another jurisdiction without control or administration of a natural or legal resident person and not subject to supervision.

Legal Arrangements

The use of some legal arrangements such as trusts can play an important role in money laundering. Under certain conditions these legal arrangements can conceal the identity of the true beneficiary in addition to the source and/or destination of the money.

Shell Companies

A shell company is a company that is formed but which has no significant assets or operations, or it is a legal person that has no activity or operations in the jurisdiction where it is registered. The potential for anonymity is a critical factor in the use of shell companies. They may be used to hide the identity of the natural persons who are the true owners or who control the company.

Property Management Companies

A property that is bought or constructed using illegally obtained funds may subsequently be rented out to provide an apparently legal source of income. This seeks to camouflage movements of funds between various jurisdictions (for example, the tenant and the landlord are located in different jurisdictions).

Non-trading real estate investment companies

Several characteristics of these companies make them especially vulnerable to abuse by suspected criminals. It is often very difficult to identify the real owner or controller, the company can be created very easily with no minimum initial capital and without an authentic deed and finally the shares of such companies can be sold without certification so that the true owner is not easily identified.

- **Manipulation of the appraisal or valuation of a property**

Manipulation of the real value of properties involves the overvaluing or undervaluing of a property followed by a succession of sales and purchases.

Over-valuation or Under-valuation

This technique consists of buying or selling a property at a price above or below its market value. This process should raise suspicions, as should the successive sale or purchase of properties with unusual profit margins and purchases by apparently related participants.

Successive Sales and Purchases

In the case of successive sales and purchases, the property is sold in a series of subsequent transactions, each time at a higher price.

- **Use of monetary instruments.**

Cash

The purchase of high-value properties in cash is one way in which large sums of money can be integrated into the legal financial system.

As well as being used to buy real estate, cash is also used in currency exchange and to structure deposits. It is common to structure cash transactions involving funds from criminal or terrorist sources and then to use these funds to buy, build or renovate a property. When the improved property is finally sold, the transaction has the advantage that it is difficult, or even impossible, to relate it to a specific individual or a criminal activity.

Cheques and Wire Transfers

Criminals frequently use what might be termed payable-through accounts to channel large sums of money, generally through a series of transactions. In many cases sums are initially paid into these accounts in cash, cheques or via international wire transfers. The money never stays in the account for long, the rate of turnover of the funds is high, and the funds are then used to purchase real estate.

- **Use of mortgage schemes.**

Mortgage loans comprise one of the main assets on the balance sheets of banks and other financial institutions. An inherent risk in this activity arises from the fraudulent or criminal use of these products. Through this misuse of the mortgage lending system, criminals or terrorists mislead the financial institution into granting them a new mortgage or increasing the amount already lent.

- **Use of investment schemes and financial institutions.**

Direct or indirect investment in the real estate sector by banks and other financial institutions is significant. Indirect investments are those considered to be limited or in which there is no direct control over the assets of the fund or investment vehicle. Investment funds may or may not be publicly listed. If funds are unlisted it means that some or the entire fund or investment vehicle is capitalised by the financial institution

- **Use of properties to conceal money generated by illegal activities.**

The use of real estate to launder money seems to afford criminal organisations a triple advantage, as it allows them to introduce illegal funds into the system, while earning additional profits and even obtaining tax advantages (such as rebates, subsidies, etc.). Real estate is commonly acquired in what is known as the integration or final phase of money laundering. Buying property offers criminals an opportunity to make an investment while giving it the appearance of financial stability.

- **Warning signs of money laundering**

Warning signs of money laundering through the property market include:

- cash-only buyers
- an unusual sale price
- the buyer attempting to mislead a lender, for example by exaggerating the sale price
- payments from a number of different individuals or sources
- funds provided by one person and registration in another person's name
- funds provided by unknown third parties
- transactions involving nominee companies or multiple owners
- sudden or unexplained changes in ownership
- direct payments between buyers and sellers

- **Know your clients**

Make sure you're confident that your client is who they say they are. You may want to ask your client further questions if their attitude is unusual – for example they're disinterested, secretive or vague, they're eager to undertake a quick transaction or, they request key changes mid-way through a transaction.

It's important to know what documents you can accept as evidence of identity. You should also consider using an electronic third-party verification solution.

Make sure your client understands what you'll ask and why you're asking. Update your client care information so people know what to expect.

Remember that payments made through the mainstream banking system are not necessarily clean. Make sure your information about the source of funds is consistent with your knowledge of the client and their risk profile.

Keep a record and make sure you take notes whenever you talk to a client. This will help you to identify any concerns or inconsistencies which you may need to look into further.

Report suspicious activity. If you know or suspect a money laundering offence is taking place, you must make a disclosure to the Money Laundering Reporting Officer (MLRO).

10.7 The Money Laundering Reporting Officer (MLRO)

The Council must appoint an MLRO to act as the focal point within the organisation for money laundering matters. The MLRO is responsible for:

- receiving disclosures from other staff; and
- deciding whether disclosures should be passed on to NCA.

The MLRO must keep copies of all disclosures received by them, notes of action taken and copies of all correspondence with NCA and other agencies.

10.8 Identifying and disclosing suspicious transactions

Brentwood Borough Council will consider the threats to Council being used by money launderers and put systems in place to guard against them. Policies and procedures should be laid out clearly so that all relevant staff understand and have access to them.

The officer nominated to receive disclosures about money laundering activity is Victoria Banerji, the Council's Corporate Fraud Manager. She can be contacted as follows:

Victoria Banerji
Brentwood Borough Council
Town Hall
Ingrave Road
Brentwood
CM15 8AY

Telephone: 01277 312 715
Mobile: 07711 139188
Email: victoria.banerji@brentwood.gov.uk

All suspicions should be reported directly to the MLRO.

In the absence of the MLRO, suspicions should be raised to the Council's Chief Finance Officer (see Appendix 13.3)

10.9 Reporting Procedure for Suspicions of Money Laundering

Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to your attention, not weeks or months later. Your disclosure should be made to the MLRO using the fraud reporting form, or, if preferred, via an email to the above email address.

Your referral must include as much detail as possible including:

- Full details of the people involved
- Full details of the nature of their/your involvement
- The types of money laundering activity involved
- The dates of such activities
- Whether the transactions have happened, are ongoing or are imminent;
- Where they took place;
- How they were undertaken;
- The (likely) amount of money/assets involved;
- Why, exactly, you are suspicious.

Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable her to prepare her report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

Once you have reported the matter to the MLRO you must follow any directions she may give you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise you may commit a criminal offence of “tipping off”.

Do not, therefore, make any reference on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

10.10 Consideration of the disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. They should also advise you of the timescale within which she expects to respond to you.

The MLRO will consider the report and any other available internal information she thinks relevant for example:

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held;

And undertake such other reasonable inquiries they think appropriate in order to ensure that all available information is considered in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether he needs to seek consent from the NCA for a particular transaction

to proceed.

Where the MLRO does so conclude, they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless she has a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, then they must note the report accordingly; they can then immediately give their consent for any ongoing or imminent transactions to proceed.

All disclosure reports referred to the MLRO and reports made by them to the NCA must be retained by the MLRO in a secure manner, for a minimum of five years.

The MLRO commits a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

10.11 Training

Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training by Brentwood Borough Council.

Notwithstanding the paragraph above, it is the duty of officers and Members to report all suspicious transactions whether they have received their training or not.

11. Review

11.1 Monitoring and auditing of policy effectiveness

Quarterly updates on the progress of the Corporate Fraud team and ongoing investigations, will be provided to the Chief Finance Officer.

The MLRO will provide an annual report to the Chief Finance Officer outlining any money laundering investigations undertaken during the year.

11.2 Review of this policy

This policy and associated procedures will be reviewed annually by the Regulatory & Governance Committee (or equivalent) and will be made available to all employees and Members.

12. Associated & Reference Documentation

12.1 Associated Documentation

- [Whistleblowing Policy and Procedures](#)
- [Disciplinary Policy](#) (Internal Use Only)
- [Staff Code of Conduct](#) (Internal use only)

12.2 Reference Documentation

12.2.1 [The Fraud Act 2006](#)

12.2.2 [The Bribery Act 2010](#)

12.2.3 Bribery Act 2010 Quick Start guide



Bribery act 2010
quick start guide

13. Appendix

13.1 What should I do if I suspect a fraud is being committed?

DO NOT:

✗ Confront the individual with your concerns

Never attempt to question the person you suspect of committing fraud. You could be accusing an innocent person, or, you could be putting at risk the chance of investigating the matter further.

✗ Discuss the matter with anyone else

Never discuss the matter with your friends or colleagues, please follow the correct protocol for reporting fraud.

✗ Attempt to gather evidence yourself

Whilst you may feel it helpful to do this, gathering evidence yourself, may hinder any further investigations if not done in the correct manner. Please leave this for the fraud investigators.

✗ Be afraid of raising your concerns

Brentwood Borough Council are committed to protecting employees who have reasonable concerns. You should have no fears of reprisal.

✗ Do nothing

Do not do nothing. You must raise any concerns you have in line with this policy.

DO:

✓ Note down your concerns

Record as much information as you can, to ensure it is not forgotten at a later date. Write down dates, names, times, concerns, details of conversations. Please sign, time and date your notes.

✓ Retain any evidence

You must not attempt to collate evidence yourself, however, if you do have evidence, please keep in a safe place.

✓ Report your Suspicion

You must report your suspicions as per the guide to reporting fraud.

13.2 Fraud Reporting

Officers of the council can report any incidences of suspected fraud, bribery and corruption and money laundering, via the link below or access the fraud reporting form via the staff microsite.

Internal Fraud Referral Form

If you prefer, you may email any information to: victoria.banerji@brentwood.gov.uk. Please find further details of how to contact Victoria within section 13.3 'Key Contacts'.

Members of the public may report suspected fraud via the link below:

Online Fraud Reporting Form

To report an incidence of suspected Housing Benefit Fraud, please complete the below form and send to email address: localauthorityfraudreferralinbox.centralgroup@dwp.gsi.gov.uk



Housing Benefit
Fraud reporting form

13.3 Key Contacts

Name	Position	Contact Details
Victoria Banerji	Corporate Fraud Manager	Tel: 01277 312 715 Internal Extension: 2715 Mobile: 07711 139188 Email: victoria.banerji@brentwood.gov.uk
Jacqueline Van Mellaerts	Director of Corporate Resources	Tel: 01277 312 829 Email: jacqueline.vanmellaerts@brentwood.gov.uk
Amanda Julian	Director of Law and Governance	Tel: 01277 312 705 Internal Extension: 2705 Email: amanda.julian@brentwood.gov.uk
Action Fraud	N/A	Tel: 0300 123 2040 Website: www.actionfraud.police.uk