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ANTI FRAUD, THEFT & BRIBERY POLICY AND PROCEDURE

Document Control

Organisation	Pendle Borough Council
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Revision History

Revision Date	Revisor	Previous Version	Description of Revision
May 2026	Karen Spencer	Sept 2023	Change of Name, Inclusion of reference to the new corporate offence of 'failure to prevent fraud' & Inclusion of an expanded 'bribery' section to negate the need for a standalone anti-bribery policy.

Document Approvals

This document requires the following approvals:

Sponsor Approval	Name	Date
CGSG		
CLT		

Document Distribution

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1. INTRODUCTION

1.1 The purpose of this document is to set out the Council's policy for dealing with issues of **non-benefit related** fraud, theft and bribery (incorporating 'corruption'). Every organisation, whether large or small, is at risk from fraud and other forms of financial crime and councils are no exception to this. All councils have a duty to safeguard the public purse and a major part of this is by limiting exposure to financial crime and reducing risk through effective prevention and detection, as well as ensuring any concerns are reported promptly and appropriately so that suitable responses can be actioned.

1.2 All Councils, even the smallest, are constantly under threat from fraudsters – be they internal or external to the organisation - whether that be single person discount fraud, reducing council revenue, procurement fraud, expenses fraud or a cyber-attack causing a major data-loss, reputational damage and fines from the Information Commissioner.

1.3 Identifying and preventing fraud means that valuable Council resources can be directed as intended to provide key public services to those that depend on them.

2. AIMS AND SCOPE

2.1 The Council is determined to protect itself, its employees and the public from fraud, theft and bribery. The Council takes a zero-tolerance approach to all forms of financial crime and will take whatever steps it deems appropriate to pursue wrongdoers and to protect and/or recover Council assets and funds where necessary.

2.2 This policy aims to:

- provide an understanding of the Council's stance on fraud, theft and bribery in relation to the Council's activities (involving all stakeholders - members, employees and those undertaking the Council's business or providing goods or services to it or on its behalf);
- provide suitable reporting mechanisms for concerns to be raised and dealt with confidentially; and, to
- encourage members of the Council, employees, suppliers and contractors, and the public to feel confident in raising serious fraud, theft or bribery concerns and reassuring them that the Council will act upon them promptly and effectively.

2.3 There is a public expectation that people who work in, and on behalf of, public bodies such as the Council, are expected to observe the highest principles of conduct in providing services and carrying out day-to-day activities for and on behalf of their community.

2.4 The fundamental elements of the policy are to:

- ensure everyone understands the risks posed by fraud, theft and bribery and how to be alert to the signs;
- positively encourage deterrence and prevention of all forms of financial crime, particularly fraud, theft and bribery;
- promote the detection of irregularity or wrongdoing;
- encourage the reporting of concerns and allegations of fraud/theft/bribery;
- investigate substantiated fraud/theft/bribery referrals in a confidential, fair and legally compliant manner;
- protect those who raise concerns in good faith;
- take all necessary and appropriate action to secure appropriate sanctions against offenders and ensure the recovery of any losses (financial redress) wherever possible.

2.5 These activities may generally be grouped under the following strategic principles:

- **Assure** – providing a governance and oversight structure to the anti-fraud, theft and bribery strategy and ensuring that adequate assurance can be obtained from the array of operational anti-fraud, theft and bribery activities undertaken;
- **Understand** – ensuring that everyone understands how fraud, theft and bribery might materialize in their area of work, what 'red flags' to look out for, being aware of what controls should be in place to mitigate those fraud, theft and bribery risks, as well as understanding how concerns should be reported;
- **Prevent** – implementing effective measures which prevent, deter, disrupt and proactively detect fraud, theft or bribery through a risk-based plan of action (utilizing data analytics measures where necessary);
- **Respond** – pursuing identified wrongdoers robustly, applying a range of sanctions (criminal, civil, disciplinary) as may be appropriate, and seeking financial redress and the recovery of assets, funds and resources wherever possible.

2.6 The Local Government Association Counter Fraud Hub (LGA Counter-Fraud Hub) has a range of practical support and guidance to help anti-fraud professionals, procurement practitioners and contract managers to easily access a wide range of existing resources. This includes the current Strategy; Local Government Fraud Strategy – Fighting Fraud & Corruption Locally in the 2020s. Similarly, the Public Sector Fraud Authority is also an excellent resource for advice and guidance.

3. DEFINITIONS

3.1 **Fraud** can be defined as:

"dishonestly making a false representation, failing to disclose information, or abusing a position, of trust with the intent to make a gain for oneself/another or cause loss (or risk of loss) to another. The fraudulent act does not need to have been successfully committed for the offence to occur."

The Fraud Act 2006 further defines fraud as three main offences:

- Section 2 False representation (i.e. false claims, false invoices, false qualifications);
- Section 3 Failure to disclose information where there is a legal duty to do so (i.e. failing to declare a criminal conviction or a driving disqualification);
- Section 4 Abuse of position (i.e. using one's position and authority in order to facilitate fraud).

There are other offences contained in the Fraud Act 2006 but, for the purposes of this policy, these are the primary ones which are most likely to impact the Council. These are 'personal' offences carried out by individuals, for which they may be dismissed from employment (if an employee) or legally sanctioned upon successful prosecution.

3.2 **Failure to Prevent Fraud**

The Economic Crime and Corporate Transparency Act 2023 introduced a new corporate offence of 'failure to prevent fraud', which came into force on 1st September 2025. This offence applies to all local authorities.

The offence means that the Council may be held criminally liable for prosecution where 'someone connected with the Council (what the legislation calls an 'associated person') commits a fraud which benefits the Council, or a related body, directly or indirectly, rather than just benefits any individual(s), and where the Council failed to take reasonable steps to prevent that fraud from occurring.'

The Council is developing and maintaining proportionate fraud prevention procedures in line with Government guidance. Similar to the 'adequate procedures' provisions contained in the longer established Bribery Act 2010, these cover:

- A top-level commitment to prevent fraud;
- A comprehensive fraud risk assessment (reviewed dynamically);
- Proportionate anti-fraud procedures to address any identified risk areas;
- Robust due diligence on contractors and third parties, but also staff appointments;
- Effective communications (including training, awareness and reporting routes);
- Ongoing monitoring and review.

The responsibility for ensuring compliance rests with the Chief Executive and Section 151 Officer, supported by the Accounts & Audit Committee.

Failure to comply with this duty may result in criminal liability for the Council, prosecution, significant financial penalties, and reputational damage.

More guidance on this offence can be obtained at Offence of 'failure to prevent fraud' introduced by ECCTA - GOV.UK

3.3 **Theft** is defined in the 1968 Theft Act as:

"the dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it."

Theft includes, for example,

- unauthorised borrowing or use of property, assets or equipment owned, leased or hired by the Council, depriving the Council of any benefit from those items for an extended or indefinite period;
- the theft of property or assets which are owned by the Council, permanently depriving the Council of them.

Other potential offences exist under both the 1968 and 1978 Theft Acts, including false accounting, retaining a wrongful credit and handling stolen goods. Further information on these offences may be found here.

3.6 **Bribery**

Since the introduction of the Bribery Act 2010 this now also generally includes the umbrella term of 'corruption' in UK law which covers matters such as nepotism, cronyism, kickbacks and 'graft'.

Bribery can be defined as:
"An inducement or reward offered, promised or provided to someone to perform a relevant function or activity improperly in order to gain a personal, commercial, regulatory and/or contractual advantage, on behalf of oneself or another."

An example would be bribing a Council officer to act improperly to award a contract to a preferred supplier, regardless of all other considerations and other suitable suppliers and bypassing normal procurement procedures.

The Bribery Act 2010 makes it a criminal offence to:

Section 1 - Give, Promise or Offer a Bribe

Section 2 - Request, Agree to Receive or Accept a Bribe

Section 6 - Bribe a Foreign Public Official

Section 7 – Commit a corporate offence of Failing to Prevent Bribery

In line with the wider provisions of this policy, the Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor will it, accept bribes or improper inducements. To use a third party as a conduit to channel bribes to others is a criminal offence.

The Council will not engage directly or indirectly in, or otherwise encourage, bribery.

The Council is committed to the prevention, deterrence and detection of bribery. As with fraud and theft, it has a zero-tolerance approach towards it and aims to maintain anti-bribery compliance as "business as usual", rather than as a one-off exercise.

The Council views it as unacceptable for anyone associated with it to:

- participate in bribery of any kind, or any activity in breach of this policy.
- retaliate against or threaten any person who has refused to commit a bribery offence, or who has raised concerns under this policy.

The Council requires that all staff, permanent, temporary and agency, as well as members (including independent members), volunteers and consultants:

- 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 under which the Council operates.

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

Appendix C provides further guidance on the Bribery Act 2010 provisions and the Council's approach to bribery and corruption.

3.9 **Other Relevant Offences**

The unauthorised use, copying or retention of copyright material such as documents, drawings, maps and computer software of which the Council is either the copyright owner or a licensed user, may be an offence under the Copyright, Designs and Patents Act 1988.

Senior Council Officers may, if found to have committed fraud, theft, bribery or other criminal acts, be subject to prosecution under the Misconduct in Public Office common law offence.

There is a separate Council Money Laundering Policy which covers money-laundering and money laundering-related offences.

4. ENCOURAGING THE UNDERSTANDING AND PREVENTION OF FRAUD, THEFT, BRIBERY

Organisational Culture

4.1 Fundamental to the prevention of fraud, theft and bribery is that the culture of the organisation is such that this behaviour is not tolerated. The Council is determined to promote and strengthen this culture.

4.2 The Council requires all individuals and organisations associated in whatever way with the Council to act with integrity and that members and employees at all levels will lead by example.

4.3 Members and employees play an important part in creating, maintaining and promoting this culture through developing an understanding and awareness of fraud, theft and bribery risks. Both are encouraged to voice any serious concerns about any aspect of the Council's activities. The Council has a Whistleblowing / Raising Concerns Policy, which ensures any concerns raised will be properly investigated in a professional and confidential manner; however, allegations of fraud and financial criminality should primarily be reported via the reporting routes contained in this policy.

4.4 The Council will raise awareness of its stance against fraud, theft and corruption by:-

- promoting this Policy via internal communications, e.g. Intranet, Messages of the Day, Team Briefings;
- ensuring all current and new employees are provided with a copy of this Policy and are made aware of the correct procedures for raising concerns in respect of such issues;
- publishing this Policy on the Council's website;
- providing awareness training, as necessary, to members and employees on the practical aspects of combating fraud, theft and corruption.

Nolan Principles / Council Roles and Responsibilities

4.5 The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public officeholder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public officeholders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services. The principles are always worth repeating:

- **Selflessness:** Holders of public office should act solely in terms of the public interest.
- **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty:** Holders of public office should be truthful.

- **Leadership:** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Members

4.6 As elected representatives, all members of the Council have a duty to ensure that the Council acts appropriately and uses its resources prudently and in accordance with the law. They have a vital role in setting the culture of non-toleration of fraud, theft and bribery both in the decisions they take and in their own behaviour. They are required to adhere to, amongst other things, the **Councillor Code of Conduct for Members** and **Contract Procedure Rules** and **Financial Procedure Rules**.

4.7 Members are required to declare disclosable pecuniary interests in the Register of Members' Interests and to declare certain gifts and hospitality. Members also declare any Related Parties as part of the Statement of Accounts.

Chief Executive

4.8 The Council's Chief Executive, as the organisation's Head of Paid Service, has overall responsibility for securing funds, assets and resources entrusted to it, including instances of fraud, theft and bribery, ensuring that adequate training, support and resources are available, through the line management structure, in order to support Council employees in carrying out their relevant duties.

Executive

4.9 The Council's Executive has a duty to provide adequate governance and oversight of the Council to ensure that its funds, people and assets are adequately protected against criminal activity, including fraud, theft and bribery. The Executive ensures adequate resources are in place to safeguard Council funds, people and assets. It is the Executive's responsibility to ensure the Council has anti-fraud, theft and bribery policies in place.

Accounts and Audit Committee

4.10 The Accounts and Audit Committee oversee the operation of the policy and provide scrutiny and challenge. The committee role is in reviewing, approving and monitoring anti-fraud workplans, receiving regular updates on anti-fraud activity (including any relevant investigations), monitoring the implementation of action plans, and providing direct access and liaison with those responsible for anti-fraud, including the National Fraud Initiative.

Director of Resources

4.11 The Director of Resources (DoR) / s.151 Officer acts as the Executive Lead for the organisation's anti-fraud, theft and bribery arrangements, liaising closely with the internal audit and anti-fraud specialists, and ensuring adequate audit and anti-fraud resources are in place to address identified fraud/theft/bribery risks to the Council.

4.12 The DoR will, depending on the outcome of initial enquiries, consider and approve appropriate investigative and/or financial recovery options and also inform appropriate Council colleagues / the Audit and Accounts Committee of suspected cases of fraud, theft or bribery, especially where the loss may be material or where the incident may lead to adverse publicity.

Line Managers

4.13 Each Director, Assistant Director and Head of Service is responsible for the successful implementation of controls designed to prevent and/or detect fraud, theft and bribery within their service area.

4.14 Each Service Manager will ensure that all current and new staff are aware of this Policy.

4.15 Managers at all levels are responsible for ensuring that their staff are aware of the contents of Council's Constitution which are relevant to their duties. They are also required to ensure that their staff are aware of their responsibilities for safeguarding the resources for which they are responsible.

4.16 Managers will also strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities and will also ensure that staff are aware of the mechanisms for reporting suspected fraud, theft and bribery.

All Employees

4.17 All employees are expected to give the highest possible standard of service to the public and the Council, where it is part of their duties, to provide appropriate advice to members, fellow employees and members of the public with impartiality.

4.18 Employees are expected to act with professionalism, honesty and integrity at all times and to comply fully with this Policy and all other Council policies and procedures, as well as the Employee Code of Conduct.

Selection and Training of Employees

4.19 The Council recognises that a key preventative measure against fraud, theft and bribery is to employ staff who have the highest standards of propriety and integrity, including casual and temporary personnel. The Council strives to achieve this through effective recruitment and training policies and procedures. These include:-

- obtaining written references prior to appointing staff, including those employed on a temporary basis;
- confirming qualifications and relevant employment history required for any role;
- undertaking DBS checks for designated posts.

4.20 The Council acknowledges that effective training, guidance and supervision are fundamental to maintaining the skills of employees in order to reduce the risk of fraud, theft and bribery and to enable them to recognise areas of malpractice. The Council will use the

Performance Appraisal framework to identify employee development and training needs as a means of addressing this.

4.21 Upon appointment all staff will be issued with the **Employee Code of Conduct** and will be required to sign a statement that they have read and understood its content.

4.22 The Employee Code of Conduct details the minimum standards that apply to all employees' own conduct in the Council's activities and includes rules on relationships, personal interests, hospitality and confidentiality.

Statutory and Professional Obligations

4.23 In addition to the need to comply with the Employee Code of Conduct, employees have to comply with the law and, in some cases, with professional obligations / professional body codes of conduct and ethics.

Appendix A refers to the process for all Members and Council employees to report concerns.

Internal Audit / Anti-Fraud

4.24 The Accounts and Audit Regulations 2015 (and subsequent amendments) require the Council to maintain an adequate and effective system of internal audit. Internal Audit will independently review the adequacy, efficiency and effectiveness of internal controls within the Council systems by undertaking a comprehensive programme of work targeted at key risk areas.

4.25 Any weaknesses in internal control systems will be reported to management with recommendations to address the issues raised. It is the responsibility of managers to ensure that corrective action is taken as necessary.

4.26 The adequacy and appropriateness of the Council's systems and procedures is independently monitored and assessed by External Audit and the control and operating systems by Internal Audit.

4.27 Internal Audit (unless contracted separately) will provide adequate specialist anti-fraud resource The Anti-Fraud Specialist (AFS) is to assist the Council in taking forward all agreed non-benefit anti-fraud work.

4.28 In accordance with the Government Functional Counter Fraud Standard GovS:013, it is important that the Council has appropriate anti-fraud and bribery arrangements in place.

4.29 Internal Audit / Anti-Fraud will work with key colleagues and stakeholders to promote anti-fraud activities, support the application of effective risk-based/assessed preventative measures and investigate allegations of fraud, theft and bribery.

4.30 At the instruction of the DoR, internal audit / anti-fraud has responsibility for investigating to a criminal standard any allegations of fraud, theft and bribery within or against the organisation, unless police involvement is deemed preferable. Where such allegations involve Council employees, close liaison with HR colleagues will occur.

Third Parties – Members of the Public, Suppliers and Partner Organisations

4.31 Whilst not bound by this Policy, any third party who has a concern that a fraud, theft or bribery offence against the Council has taken place, or is occurring, should report those concerns in accordance with the details contained in this policy.

Appendix B refers to the process for all third parties to report concerns.

5. DETERRING FRAUD, THEFT AND BRIBERY

5.1 A key element of this Policy is to ensure that an adequate framework is in place to deter fraud, theft and bribery. Developing the culture of the organisation to not accept fraud, theft and bribery, as outlined above, is fundamental to deterrence. The following also support deterrence.

A Clear Commitment to take Disciplinary Action

5.2 Fraud, theft and bribery are serious offences and employees will face disciplinary action in accordance with the Council's Disciplinary Procedure if there is sufficient evidence that they have been involved in such activities. Disciplinary action will be taken in addition to criminal proceedings, unless special circumstances make this inappropriate. Where appropriate, referral to professional / regulatory bodies may also take place. The application of disciplinary sanctions is without prejudice to any other action the Council deems appropriate.

A Clear Commitment to pursue Criminal Sanctions

5.3 Where necessary, the Council will involve either accredited Anti-Fraud Investigation personnel provided via Internal Audit or the Police to pursue the investigation and prosecution of offenders. Any decision to pursue a criminal investigation or involve the Police rests with the Director of Resources, following initial enquiries. In certain circumstances, the Police may not be able to prioritise an investigation or may request that a file is prepared for their consideration following initial enquiries.

5.4 Any decision as to whether to prosecute offenders will ultimately rest with the Crown Prosecution Service although the Council reserves the right to instigate proceedings privately, if necessary. Legal advice will be taken in that regard, if necessary. The Council will ensure that whenever a criminal prosecution is being considered, the decision must take into account the public interest, the merits of the case and the evidence, and human rights, in particular, that all persons will be treated fairly.

A Clear Commitment to seek Financial Redress / Recovery

5.5 Where appropriate and necessary, the Council will seek to recover any financial or other losses via the most applicable means, be that through the criminal or civil courts (if proportionate to do so), including via accrued pension rights for employees, or via voluntary repayment. The decision as to whether to pursue financial recovery ultimately sits with the Director of Resources, once all relevant advice and guidance has been sought and obtained.

Publicity

5.6 Where a prosecution is successful, the Council will issue publicity intended to act as a deterrent to other potential fraudsters.

6. DETECTING FRAUD, THEFT AND BRIBERY

6.1 Fraud, theft and bribery may come to light in various ways. It is therefore important that these are recognised and any concerns taken seriously.

6.2 It is expected that any member or employee will report all actual or suspected fraud, theft and bribery and comply with any appropriate investigatory requests, such as providing witness statements. Various arrangements are in place to allow any person from inside or outside the Council to express concerns easily, securely and anonymously if necessary.

6.3 This Policy does not cover Money Laundering. There is a separate Council policy which covers Money Laundering and the role of the Section 151 Officer/MLRO.

Systems/Procedures Supporting Detection

6.4 A number of controls exist within the Council to ensure irregularity is promptly detected; these include:-

- Internal Control Systems and Procedures – Well devised and properly operated controls will identify fraud, theft and bribery. As indicated above, it is the responsibility of managers to ensure that Internal Control systems and procedures exist and are being adhered to;
- Budgetary Control Procedures – The budget monitoring framework should highlight unusual spending patterns, unexpected income shortfalls or overspends which may be indicators of fraud, theft and bribery;
- Complaints – the Council's Complaints Procedure and the recording and follow up of complaints may help to uncover not just poor service provision but possibly fraud, theft and bribery;
- Whistleblowing – The Whistleblowing Policy and protection rights under the Public Interest Disclosure Act 1998 will lead to information from concerned third parties to help detect corruption, especially where formal controls can be made ineffective by collusion.
- Information from Other Public Bodies – This may take the form of specific individual referrals or by taking part on national schemes, such as the National Fraud Initiative.

- Internal Audit / Anti-Fraud Review – As indicated above, Internal Audit / Anti-Fraud is a key management tool for the prevention and detection of fraud, theft and bribery, often utilizing data analytics tools.

Potential Signs of Fraud, Theft and Bribery ('Red Flags')

6.5 Potential signs of fraud, theft and bribery may include:

- Apparently living beyond their means, with no obvious explanation for this
- Under financial pressure (if known / discussed)
- Exhibiting signs of stress or behaviour not in keeping with their usual conduct
- Not taking annual leave (i.e. not wanting others to cover their work)
- Refusing to allow another employee to be involved in their duties
- Attracting complaints from others (colleagues, the public)
- Failing to apply an adequate system of internal control
- Having private discussions with contractors / suppliers

These indicators on their own **do not** necessarily point to fraudulent conduct, but line managers should be alert to these 'flags' particularly if there are multiple signs simultaneously.

7. INVESTIGATING ALLEGATIONS OF FRAUD, THEFT AND BRIBERY

7.1 Investigations into suspected fraudulent activity, theft or corrupt practices will normally be undertaken by Internal Audit (utilising accredited and experienced investigators) who will liaise as appropriate with the Director of Resources and other key stakeholders, as required, including the Police where instructed to do so.

7.2 The Council will ensure that only individuals with appropriate training and experience are used to investigate cases of fraud, theft and bribery and that any such investigations are undertaken in a confidential and legally compliant manner.

7.3 Investigation methods will be appropriate to the concerns raised and will follow legal requirements and best practice. In particular, any criminal investigation will have regard to the Criminal Procedure and Investigations Act 1996 (CPIA), the Police and Criminal Evidence Act 1984 (PACE), Data Protection Act 2018 and the Human Rights Act 1998, amongst other legislation as may be relevant.

7.4 Upon completion of the investigation, the investigators will produce a report. The reporting procedure is essential as it ensures:

- the consistent treatment of information regarding any suspected fraud, theft and/or bribery;
- an effective investigation by an experienced team (or equivalent);
- the proper implementation of structured response to any suspected act of fraud, theft and/or bribery;

- that the investigation will be undertaken in accordance with the relevant legislation as indicated in 7.3 above;
- clear findings and recommendations as to any necessary further actions to be considered / taken by management including, but not limited to, potential criminal sanctions, financial redress and addressing any identified control weaknesses.

7.5 Depending on the nature and anticipated extent of the allegations, investigators will normally work closely with management and other agencies such as the Police to ensure that the allegations and evidence are properly collected (where police powers may be required), investigated and reported upon.

Other Agencies / Third Parties may include, but are not limited to:

- Other Local Authorities
- DWP / Benefits Agencies
- Serious Fraud Office
- Home Office
- UK Border Agency

Follow Up

7.6 Most instances of fraud, theft and bribery highlight a lack of adequate internal control. It may be that the system was weak, that controls were bypassed or no controls existed.

7.7 The Council expects all Service Managers will respond to reports from investigators and, where weaknesses in internal controls have been identified, take measures to put in place the necessary controls as are required.

7.8 The Council will normally seek to recover the losses incurred as a result of fraud, theft and bribery; this will include taking appropriate legal action to ensure redress if necessary. Where the Council has suffered loss as a result of fraud, theft or bribery by an employee the Council may be entitled to have recourse to his/her accrued pension rights to make good the loss.

7.9 The Council's Insurers should be informed as soon as possible of any confirmed loss. Where it is possible to do so, details of the case should be given together with some indication of the likely loss and what recovery action is being attempted.

7.10 Making claims under the Council's insurance arrangements in fraud, theft and bribery cases should be regarded as a last resort and only be instigated once all other avenues of recovery have been fully explored. Receipt by the Council of a payment from its insurers does not protect offenders from legal proceedings.

7.11 If any person under investigation offers a settlement in respect of any losses to the Council, it should be made clear that any monies offered will only be accepted:

- without prejudice to any other action the Council may wish to take;

- that acceptance is only in respect of losses (including any interest on loss) identified to date and that the Council reserves the right to seek recovery of any further losses that may come to light in the future.

8. PROCEDURES FOR DEALING WITH ALLEGATIONS OF FRAUD, THEFT AND BRIBERY

8.1 Appendices A and B set out the procedures to be followed by all Council Members and employees and by members of the public, respectively, when they suspect fraud, theft or bribery.

9. OTHER RELATED POLICIES

9.1 A number of other existing Council policies and/or codes of conduct contain provisions dealing with specific aspects of fraud, theft, bribery and financial crime. These include:-

a) Anti-Money Laundering Policy

b) Confidential Reporting (Whistleblowing) policy

c) Gifts and Hospitality Policy

d) Members' Code of Conduct

e) Disciplinary Procedures

f) Employee Code of Conduct (i.e. general statement, gifts and hospitality and employees engaging in business)

Appendix A

A Member or Employee of the Council wishes to report suspected Fraud, Theft or Bribery

If you suspect fraud, theft or bribery is being committed within the Council or committed against the Council, by anyone, you should follow the procedure below:-

1. Make an immediate note of your concern; note all relevant details such as:
    - What you observed / heard yourself;
    - Details of conversations;
    - The date, time, name of all parties involved;
    - Any other details you consider may be relevant;
    - Secure any relevant information you already have in your possession.

    Do NOT attempt to investigate the matter yourself or obtain further information.

2. Act promptly, a delay may cause further loss to the Council. **Convey your suspicions to:**

    a) Your **Line Manager or assistant Director/Head of Service**
    b) If they are unavailable (or may be involved) contact the **Director of Resources** (DoR)
    c) If the DoR is unavailable, contact the **Head of Legal & Democratic Services**
    d) Or the **Chief Executive**

    It is preferable that you report your concerns openly; however, anonymous referrals will be considered on a case-by-case basis, depending on the extent and quality of the information provided.

3. When an employee or Manager becomes aware of, or suspects, fraud or corruption, it must immediately be reported to the Service Manager and to the Director of Resources (or, in their absence, to the Head of Legal & Democratic Services in the role of Council's Monitoring Officer). Upon receipt of such notification, these Officers shall take the necessary steps to pursue the allegation. This will usually include one or more of the following actions:-

    - request Internal Audit / Anti-Fraud to undertake an investigation into the matter (by agreement with the Director of Resources);
    - refer to the Police;
    - refer to another appropriate body (i.e. External Audit).

4. Due consideration must be given by the Officers as to whether the person reporting the concern is an employee (if known) and whether the Council's Whistleblowing Policy should be invoked which provides protection for staff against harassment or victimisation where concerns have been raised in good faith.

5. The above demonstrates a number of ways in which your concerns can be raised within the Council. In the unlikely circumstance that you are not satisfied with the action taken, you may wish to take the matter outside the Council. This should only be done as a last resort, but the following are possible contact points:

- Whistleblowing Helpline;
- Action Fraud;
- The Police;
- The Local Government and Social Care Ombudsman;

If you do take the matter outside the Council, however, you need to ensure that you do not disclose confidential information and that disclosure is privileged in accordance with the Public Interest Disclosure Act 1998.

Appendix B

A Member of the Public, Council Supplier or Other Outside Organisation wishes to report suspected Fraud, Theft or Bribery

1. Make a note immediately of your concern

   Note all relevant details such as what was observed/heard, details of conversations, the date, time and name of all parties involved, and copies of any relevant information that you already have in your possession. Do not attempt to investigate the matter yourself.

2. **Convey your suspicions in writing marked PRIVATE AND CONFIDENTIAL - TO BE OPENED BY ADDRESSEE ONLY** (by Royal Mail Special Delivery Guaranteed or Royal Mail Tracked 24/48) to:-

   Director of Resources
   Pendle Borough Council
   Market Street,
   Nelson,
   Lancashire, BB9 7LG

   e-mail to karen.spencer@pendle.gov.uk

   OR, alternatively, to:-

   Head of Legal and Democratic Services
   Pendle Borough Council
   Market Street, Nelson,
   Lancashire, BB9 7LG

   e-mail to howard.culshaw@pendle.gov.uk

   OR

   Chief Executive
   Pendle Borough Council
   Market Street, Nelson,
   Lancashire, BB9 7LG

   e-mail to Dean.Langton@pendle.gov.uk

3. If the suspected fraud relates to Housing or Council Tax Benefit, notify your suspicions in writing marked PRIVATE AND CONFIDENTIAL to:-

   NBFH,
   PO Box 224,
   Preston,
   PR1 1GP

4. Alternatively, telephone the National Benefit Fraud Hotline (NBFH) on 0800 854 440 or visit the website https://www.gov.uk/report-benefit-fraud. The above demonstrate a number of ways in which your concerns can be raised confidentially. If you are not satisfied with the action taken, or you wish to contact someone other than the Officers above, you may wish to take the matter outside the Council. The following are possible contact points:

- The Local Government and Social Care Ombudsman
- Your Local Member of Parliament
- Your own Solicitor
- The Police

APPENDIX C

The Bribery Act 2010

The Bribery Act 2010 (http://www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1) 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 public 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 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. 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.

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 12 months, 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

Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

The Council's commitment to action

The Council commits to:

- Setting out its commitment to a 'zero-tolerance' approach to bribery and corruption.
- Making all employees aware of their responsibilities to adhere strictly to all aspects of this policy at all times.
- Training all employees so that they can recognise and avoid the use of bribery by themselves and others.
- Encouraging 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.
- Include appropriate clauses in contracts to prohibit bribery.

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 we will be a commercial organisation for the purposes of section 7. This policy is intended to ensure that we have in place the necessary procedures to act as a defence to a section 7 offence.

What are "facilitation payments"?

Facilitation payments are not tolerated and are illegal. They are unofficial payments made to public officials in order to secure or expedite actions favourable to the person making the payment(s).

Gifts and hospitality

The Council's Gifts and Hospitality policies applying to employees and members give guidance on acceptance of gifts and hospitality.

Public contracts and failure to prevent bribery

The Procurement Act 2023 introduced revised (from the Public Contracts Regulations 2006 & 2015) debarment lists and rules for economic crimes, though discretionary exclusion for the Section 7 offence remains. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. The Council has the discretion to exclude organisations convicted of this offence. Organisations convicted of direct bribery offences are excluded on a mandatory basis, however.

What are "adequate procedures"?

Whether the procedures are adequate will ultimately be a matter for the courts to decide on a case-by-case basis. Adequate procedures need to be applied proportionately, based on the level of risk of bribery in the organisation. It is for individual organisations to determine proportionate procedures in the recommended areas of six principles. These principles are not prescriptive. They are intended to be flexible and outcome focused, allowing for the different circumstances of organisations. Small organisations will, for example, face different challenges to those faced by large multi-national enterprises. The detail of how organisations apply these principles will vary, but the outcome should always be robust and effective anti-bribery procedures.

Proportionate procedures

An organisation's procedures to prevent bribery by persons associated with it are proportionate to the bribery risks it faces and to the nature, scale and complexity of the organisation's activities.

They are also clear, practical, accessible, effectively implemented and enforced.

Top level commitment

The top-level management (be it a board of directors, the owners or any other equivalent body or person) are committed to preventing bribery by persons associated with it. They foster a culture within the organisation in which bribery is never acceptable.

Risk Assessment

The organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

Due diligence

The organisation applies due diligence procedures, taking 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 organisation 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 proportionate to the risks it faces.

Monitoring and review

The organisation monitors and reviews procedures designed to prevent bribery by persons associated with it and makes improvements where necessary.

This Council is committed to proportional implementation of these principles.