

SCC Anti-Fraud and Corruption Strategy and Framework

Key points

- This strategy and framework set out the Council's commitment to preventing, detecting and deterring fraud and corruption to ensure public funds are used for their intended purposes.
- The Council expects the highest ethical and legal standards from its members, officers, contractors and agents carrying out business on its behalf.
- The framework includes guidance on types of fraud and corruption, how to report concerns and the investigation process.
- All cases of suspected fraud, financial irregularity or corruption must be reported to the Chief Internal Auditor or the Audit Manager (Counter Fraud).
- The strategy sets out the main objectives for tackling the risk from fraud and corruption and applies equally to Members and staff.
- It is an expectation that where employees have work place concerns, or suspect wrongdoing, that this is raised through appropriate channels.
- A Whistleblowing Policy has been produced to support staff in raising workplace concerns.

Introduction

The public is entitled to expect the Council to conduct its business with integrity, honesty and openness and demand the highest standards of ethical conduct from those working for and with it.

The Council takes its statutory duty to protect the public funds it administers seriously. It is essential that it protects the public purse and ensures that Council funds are used only for their intended purpose: to support and deliver services to our community. As such the Council maintains a zero tolerance approach to fraud and corruption whether it is attempted from outside the Council or within.

This strategy forms part of the Council's counter fraud framework, a collection of interrelated policies and procedures including the Code of Conduct, Financial Regulations and Whistle Blowing Policy. It also includes policies and procedures that are specifically targeted at countering fraud and corruption.

Aims

This strategy sets out the Council's commitment to preventing, detecting and deterring fraud and corruption.

This strategy aims to:

- Embed an anti-fraud culture where people are empowered to challenge dishonest behaviour;
- Actively prevent, deter and promote detection of fraudulent and corrupt acts;
- Maintain the Council's awareness of emerging fraud risks such as those associated with digital and cyber security;
- Provide clear guidance on the roles and responsibilities of members and officers; and
- Identify a clear pathway for investigative and remedial action.

Definitions

Fraud - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:

- Dishonestly making a false statement or representation;
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

Theft - is the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.

Obtaining Services Dishonestly – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

Bribery – is the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages, whether monetary or otherwise.

Corruption – is the abuse of entrusted power for private gain. It affects everyone who depends on the integrity of people in a position of authority. The Bribery Act 2010 repealed all Corruption Acts in whole and therefore, whilst corruption exists as a term, any offences committed would fall under the Bribery Act.

This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Regulations, Standing Orders, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.

Culture

The Council is committed to the highest ethical standards as set out in the Code of Conduct. The Council believes the ‘seven principles of public life’ are the foundation of a strong anti-fraud culture and expects all members, officers and contractors to follow these principles, as well as all legal rules, policies and procedures.

The seven principles of public life and a brief explanation are listed below:

| Principle | You should... |
|------------------|---|
| Selflessness | Act solely in terms of the public interest and not for the purpose of gain for yourself, family or friends. |
| Integrity | Avoid placing yourself under any obligation to people or organisations that might seek to influence you in your work. |
| Objectivity | Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias. |
| Accountability | Be accountable to the public for your decisions and actions and submit yourself to scrutiny as appropriate. |
| Openness | Act and take decisions in an open and transparent manner. Information should only be withheld from the public if there are clear and lawful reasons for doing so. |
| Honesty | Be truthful. This includes declaring any conflicts of interest and taking steps to resolve such conflicts. |
| Leadership | Actively promote and support these principles by applying them to your own behaviour and challenging poor behaviour. |

In essence, we expect everyone carrying out Council business to protect the public interest and also to challenge instances of dishonest behaviour. The promotion of a strong anti-fraud culture is therefore vital, as not only will it deter potential fraudsters but it will also encourage a safe environment in which individuals can raise concerns.

Allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT misuse or any other forms of financial irregularity will be reported to Orbis Internal Audit, who will take appropriate action.

The Council’s Whistleblowing Policy can also be used for raising concerns that relate to other serious concerns such as general maladministration, possible abuse of clients, health and safety risks and damage to the environment.

Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Council's Complaints Procedure.

The Council's Whistleblowing Policy also makes it clear that whilst it hopes that concerns will be raised internally within the Council, if the employee still feels unable to raise their concerns internally they can be raised with relevant outside bodies listed in the policy.

The Council takes the threat of fraud and bribery seriously and has allocated specific resource, to focus on coordinating its approach to protecting its assets and finances from fraud, bribery and wrongdoing.

Strategic approach

Fraud by its very nature is secretive and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital that the Council has a strong anti-fraud culture and a robust anti-fraud programme.

| What we will do: | |
|-------------------------|---|
| Acknowledge | <ul style="list-style-type: none"> • Acknowledge and understand fraud and misconduct risks; • Conduct and maintain a fraud risk assessment for the Council; • Develop and maintain a strong framework of internal controls; • Commit support and resources to tackling fraud; and • Maintain a robust counter fraud response. |
| Prevent | <ul style="list-style-type: none"> • Develop and maintain an effective and strong anti-fraud culture; • Implement a robust anti-fraud and misconduct programme; • Ensure that the standards in public life adopted are set out clearly in the Council's policies and effectively communicated; • Conduct employee and third-party due diligence; and • Regularly communicate with staff on countering fraud and provide fraud awareness training. |
| Detect | <ul style="list-style-type: none"> • Maintain and promote our confidential reporting hotline; • Make better use of data and technology to prevent and detect fraud and wrongdoing; • Enhance fraud controls and processes; • Benchmark where possible, with other authorities; • Promote Whistleblowing; and • Regularly liaise with others to share knowledge and data of known fraud and to learn and share best practice on fraud risk and prevention. |
| Respond | <ul style="list-style-type: none"> • Develop and maintain internal investigation protocols and disclosure protocols; • Provide a consistent and effective response for dealing with fraud cases; • Develop capability and capacity to pursue fraud and wrongdoing; • Collaborate across local authorities and with law enforcement; and • Ensure we have both the capability and capacity to investigate and prosecute fraud. |

Acknowledge

The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.

A fraud and misconduct risk assessment will be conducted and maintained to help the Council understand the risks it faces from fraud, bribery and wrongdoing. The Council will also document the controls in place to mitigate these risks, identify gaps or weaknesses in the control mechanisms and develop a bespoke work programme to target and reduce the risks.

The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Code of Conduct and Conflict of Interest Policy;
- Whistleblowing Policy;
- Anti-money Laundering Policy;
- Financial Regulations;
- Procurement Standing Orders.

Support and resources will be allocated to counter the risk from fraud, bribery and wrongdoing.

In maintaining a robust counter fraud response the Council will provide corporate and targeted anti-fraud and bribery training and awareness for all employees to assist them in identifying instances of possible fraud, bribery and wrongdoing and provide mechanisms to enable staff to report their concerns in a timely manner.

The Council will regularly review its approach to tackling fraud, keeping abreast of emerging risks and current trends which occur across the Council and nationally.

Prevent

The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects and requires from all its employees (including contractors and Councillors) as documented in the Council's Code of Conduct.



The Council will develop, maintain and communicate to its employees an anti-fraud programme, which ensures that they are aware of the key part they play in countering fraud and risk and are sufficiently trained.

Practical counter fraud and risk guidance will be developed and disseminated to staff which details risk identifiers and is based on lessons learned elsewhere and recognisable risk scenarios.

The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection framework. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

Any system weakness identified as part of the work carried out by Orbis Internal Audit will be recorded, with controls recommended to minimise any system weaknesses and these will be agreed and monitored to ensure compliance as part of the audit process.

Detect

The array of preventative systems, particularly internal control systems within the Council, has been designed to prevent and deter fraud and provide indicators of any fraudulent activity.

Employees are the first line of defence against most acts of attempted fraud, corruption and bribery. The Council expects and requires staff to be alert to the risks and possibilities of fraudulent attempts and to raise any such concerns at the earliest opportunity.

Employees also have a duty to protect the assets of the Council, including information, as well as property. When they have a concern of this nature, they are expected and required to report it, as soon as possible in accordance with the Council's Whistleblowing Policy.

The Council's Whistleblowing Policy has been developed to provide a clear framework for reporting such concerns and this includes a dedicated confidential reporting hotline and e-mail address.

- Confidential Reporting Hotline: 0800 374 199
- E-mail: surreycc@expolink.co.uk

The Council does not tolerate the victimisation or harassment of anyone raising a genuine concern. Employees are expected to report concerns and are afforded protection from any harassment or discrimination by the Public Interest Disclosure Act. Any harassment or victimisation of a 'whistle-blower' will be treated as a serious disciplinary offence, which will be dealt with under the Council's Disciplinary Policy and Procedures.

Both locally and nationally, arrangements are in place and continue to be developed, to encourage the lawful exchange of information and collaborative working between the Council and other agencies, to assist in countering fraud, corruption, bribery and wrongdoing.

The Council will pro-actively seek to prevent, deter and detect fraud using all available resources and technology and will actively take part in joint exercises such as data matching to minimise the fraud risk and loss to public funds.

The Council will, where appropriate, seek to make the best use of publicity to prevent, deter and detect instances of fraud, corruption and bribery.

Respond

Fraud, corruption and malpractice will not be tolerated and where it is identified the Council will deal with proven wrongdoings in the strongest possible terms, including:

- Disciplinary action;
- Reporting to the Police;
- Seeking maximum financial recovery of any losses on behalf of the tax payer, including use of civil legal action through the courts.

Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.

The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the suspected violation and to enable a decision to be made as to a sound course of action.

In such instances, Orbis Internal Audit will work closely with management and where appropriate, other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.

Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Orbis Chief Internal Auditor, in consultation with the Section 151 Officer and the relevant senior managers. Any referral made to the Police, will not prohibit action under the Council's disciplinary procedure.

In cases of alleged theft, fraud, corruption or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has resigned.

The following policies can be found here:

[Whistleblowing Policy](#)
[Code of Conduct](#)

The following policies are attached as Annexes:

- 1.1 Anti-Bribery Policy
- 1.2 Anti-Money Laundering Policy
- 1.3 Sanctions Policy

1.1 Anti-bribery policy

Policy statement

Surrey County Council will:

- Not tolerate bribery or corruption in any form or at any level;
- Consider anti-bribery measures as part of its governance process; and
- Commit to policies and procedures to prevent, deter and detect bribery.

1. Introduction

- 1.1 The Council expects its business to be conducted with probity, openness and accountability. Key to maintaining the Council's high standards is the requirement for members, officers, contractors and agents carrying out business on behalf of the Council to behave honestly, lawfully and with integrity.
- 1.2 This policy forms part of the Council's counter fraud framework and sets out:
 - Definitions and legal background in respect of bribery; and
 - The Council's approach to bribery including fulfilling its duties under the Bribery Act 2010 (the Act).

2. Scope of the policy

- 2.1 This policy applies to all areas of Council business and therefore all members, officers, contractors and agents carrying out business on behalf of the Council. Any act of bribery by a person outside the Council will be a matter for the police.
- 2.2 This policy should be read alongside the Gifts and Hospitality Policy. Other relevant policies (such as the Code of Conduct and Procurement Standing Orders) should be referred to where appropriate.
- 2.3 Failure to comply with this policy will result in action being considered under the Sanctions Policy.

3. Definitions and legal background

- 3.1 Bribery is the act of offering, giving, receiving or seeking an inducement or reward intended to influence the performance of a relevant function or duty to gain a personal, commercial, regulatory or contractual advantage.

Bribery Act 2010

- 3.2 The Act includes four key offences:
 - Offering, promising or giving a bribe to reward a person for improperly performing a relevant function (Section 1);
 - Requesting, agreeing to accept or receiving a bribe as a reward for improperly performing a relevant function (Section 2);
 - Bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business (Section 6); and

- A corporate offence by a 'commercial organisation' of failing to prevent bribery that is intended to obtain or retain business or an advantage in the conduct of business (Section 7).

- 3.3 The Act makes no distinction between a bribe being offered, promised or given directly or through a third party. Further, it makes no difference whether the person requesting, agreeing to accept or receiving the bribe knows or believes that the performance of the function will be improper; or whether this person asks another person to carry out the improper performance of the function on their behalf.
- 3.4 The Council accepts that it may be classed as a 'commercial organisation' in relation to the corporate offence of failing to prevent bribery. The Act allows for a defence to this corporate offence if an organisation can show that it had in place 'adequate procedures' designed to prevent bribery.
- 3.5 Good practice and robust governance arrangements include having adequate procedures in place to prevent bribery and protect the Council from reputational and legal damage. Whether an organisation's 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.

Public Contracts Regulations 2006

- 3.6 The Public Contracts Regulations 2006 place a duty on the Council to automatically and perpetually exclude from participation in a procurement procedure any company or director that has been convicted of a corruption offence. The Council may disregard this regulation on an exceptional basis, for example due to reasons relating to the public interest such as public health or protection of the environment.

4. The Council's approach to bribery

- 4.1 The Council has in place a framework of arrangements intended to manage the risk of bribery and corruption and ensure business is conducted to the highest standards. This policy does not change the requirements of other guidance, which includes:
- Member and Officer Codes of Conduct, which require members and officers to declare any personal or pecuniary interests;
 - Procurement Standing Orders governing the negotiation of contracts; and
 - Gifts and Hospitality Policy, which sets out the restrictions on accepting gifts and hospitality and the need to register approved gifts that are accepted.
- 4.2 In the context of this policy, it is unacceptable for members, officers, contractors and agents carrying out business for or on behalf of the Council to:
- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
 - Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate'¹ or expedite a routine procedure;

¹ Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions, including but not limited to: awarding contracts; making appointments to temporary or permanent positions; and determining eligibility to receive services.

- Accept payment from a third party that is known or suspected to be offered with an expectation that it will obtain a business advantage for them;
- Accept a gift or hospitality from a third party if it is known or suspected that it is offered with an expectation that a business advantage will be provided by the Council in return;
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in activity in breach of this policy.

5. Reporting suspected bribery

- 5.1 You should report any suspected acts of bribery. If you have been offered an inducement from another party, you should report this even if you declined.
- 5.2 The Council has put in place a safe environment to report suspected cases of fraud and corruption, including bribery. Any individual may contact the Council's Internal Audit team directly as below.

Email: internal.audit@surreycc.gov.uk

Telephone: 020 8541 9299

Post: Internal Audit
Surrey County Council
Room 318, County Hall
Penrhyn Road
Kingston upon Thames
Surrey KT1 2DN

1.2 Anti-money laundering policy

Policy statement

Surrey County Council will do all it can to:

- Prevent any attempts to use the Council and its staff to launder money;
- Identify potential areas where money laundering may occur; and
- Comply with all legal and statutory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.

1. Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Proceeds of Crime Act 2002 and the Terrorism Act 2000 (and all relevant amending legislation) place obligations on the Council, including its members and employees, with respect to suspected money laundering.
- 1.2 While most money laundering activity in the UK occurs outside of the public sector, vigilance by Council employees and members can help identify those who are, or may be, perpetrating crimes relating to the financing of terrorism and money laundering.
- 1.3 This policy forms part of the Council's counter fraud framework and sets out:
 - Definitions and legal background in respect of money laundering;
 - The Council's approach to money laundering including the responsibility of members and officers to report suspicions promptly; and
 - Guidance and procedures for members and officers.

2. Scope of the policy

- 2.1 This policy applies to all members and officers of the Council and aims to maintain the high standards of conduct that the public is entitled to expect from the Council.
- 2.2 It is vital that all members and officers are aware of their responsibilities and remain vigilant; criminal sanctions may be imposed for breaches of legislation.
- 2.3 Failure to comply with the procedures set out in this policy will result in action being considered under the Sanctions Policy. This may include disciplinary action in line with the Officer, or Member, Code of Conduct.

3. Definitions and legal background

- 3.1 Money laundering is the process of converting illegally obtained money or assets into 'clean' money or assets with no obvious link to their criminal origin.
- 3.2 There are three primary money laundering offences set out in legislation:
 - Concealing, disguising, converting, transferring, or removing from the UK any criminal property (Section 327 of the Proceeds of Crime Act 2002);
 - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328); and

- Acquiring, using or possessing criminal property (Section 329).

3.3 There are also two secondary offences:

- Failure to disclose any of the three primary offences; and
- Tipping off (the act of informing a person suspected of money laundering in such a way as to prejudice an investigation).

3.4 Any member or employee of the Council may potentially be implicated in money laundering if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The key requirement is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

4. The Money Laundering Reporting Officer (MLRO)

4.1 The officer nominated to receive disclosures about money laundering activities within the Council is the Auditor Manager (Counter Fraud):

Simon White
Audit Manager (Counter Fraud)

Telephone: 0208 541 9191 / 07779 455501
Email: simon.white@surreycc.gov.uk

Surrey County Council
Room 318, County Hall
Penrhyn Road
Kingston upon Thames
Surrey, KT1 2DN

4.2 In the absence of the MLRO, the Principal Auditor (Counter Fraud) is authorised to deputise:

Alex McLaren
Principal Auditor

Telephone: 01273 292573 / 07592 103574
Email: Alex.Mclaren@brighton-hove.gov.uk

Brighton Town Hall
Bartholomew Square
Brighton
BN1 1JP

5. Procedures

Cash

5.1 The Council will not accept any cash payment in excess of £5,000 irrespective of whether this is through a single payment or series of linked payments. 'Cash' includes notes, coins, banker's drafts and travellers cheques.

5.2 This does not necessarily mean that cash transactions below this value are legitimate and legal. Professional scepticism is encouraged at all times and any suspicions must be reported to the MLRO or their deputy.

Responsibilities of members and officers

5.3 Any member or officer who suspects money laundering activity must report their suspicion promptly (as soon as practicable) to the MLRO or their deputy if appropriate. If you prefer, you can discuss your suspicions with your line manager first.

5.4 Your disclosure must be made at the earliest opportunity following the information coming to your attention, not weeks or months later, and should be made to the MLRO or deputy using the form attached at the end of this policy.

5.5 You must follow any subsequent directions from the MLRO or deputy. You must not:

- Make any further enquiries into the matter;
- Take any further steps in any related transaction without authorisation from the MLRO or deputy;
- Disclose or otherwise indicate your suspicions to the person suspected of money laundering; or
- Discuss the matter with others or make a note on file that a report to the MLRO or deputy has been made, as this may alert the suspected perpetrator.

Responsibilities of the MLRO

- 5.6 The MLRO or deputy must promptly evaluate any disclosure to determine whether it should be reported to the National Crime Agency (NCA). Any decision not to submit a report to the NCA must be recorded.
- 5.7 If they so determine, the MLRO or deputy must promptly submit an online Suspicious Activity Report (SAR) to the NCA. Alternatively, a SAR may be manually reported to the NCA. Both online and up to date manual reporting forms are available on the NCA's website.
- 5.8 If a disclosure provides the MLRO or deputy with knowledge or reasonable grounds to suspect that a person is engaged in money laundering, and they do not disclose this to the NCA as soon as practicable, the MLRO or deputy will have committed a criminal offence.

Risk based approach, customer due diligence and record retention

- 5.9 Under MLR 2017, the Council is obliged to adopt a risk-based approach towards anti-money laundering regulations and how they approach due diligence.
- 5.10 MLR 2017 stipulate risk mitigation policies must be in writing and be proportionate to the risks identified. They must include internal controls over money-laundering and terrorist financing risks. They must also include revised customer due diligence procedures as well as reporting, record keeping and monitoring requirements.
- 5.11 Regulation 18 of MLR 2017 requires a written risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. This will:
- Assist in developing policies, procedures and controls to mitigate the risk of money laundering and terrorist financing;
 - Help in applying a risk-based approach to detecting and preventing money laundering terrorist financing Inform an assessment of the level of risk associated with particular business relationships and transactions and enable appropriate risk-based decisions about clients and retainers;
 - Inform an assessment of the level of risk associated with particular business relationships and transactions and enable appropriate risk-based decisions about clients and retainers.
- 5.12 In carrying out risk assessments we will take into account information on money-laundering and terrorist financing risks made available by the Law Society and/or SRA, and risk factors relating to:
- Customers;
 - Geographic areas where the Council operates;
 - Products and services;
 - Transactions;

- Delivery Channels.

5.13 Under MLR 2017, there ceases to be "automatic" simplified due diligence requirements for any transactions. Instead, a relevant person needs to consider both customer and geographical risk factors in deciding whether simplified due diligence is appropriate. There are various levels of due diligence as follows:

- Simplified due diligence is only permitted where it is determined that the business relationship or transaction presents a low risk of money laundering or terrorist funding, taking into account the risk assessment;
- Enhanced due diligence' (Regulation 33) for those with a high-risk status, for example remote transactions where the customer is not physically present to be identified would require additional appropriate documents to be requested;
- The 'beneficial owner', the individual that ultimately owns or controls the customer or on whose behalf a transaction or activity is being conducted, should be identified;
- The business relationship should be scrutinised throughout its existence and not just at the beginning.

5.14 In all cases, the evidence of the customer identification and record of the relationship/transaction should be retained for at least five years from the end of the business relationship of transaction(s). The records that must be kept are:

- A copy of, or references to, the evidence of the identity obtained under the customer due diligence requirements in the Regulations;
- The supporting evidence and records in respect of the business relationships and occasional transactions which are the subject of customer due diligence measures or ongoing monitoring;
- A copy of the identification documents accepted and verification evidence obtained;
- References to the evidence of identity.

5.15 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

5.16 The customer identification procedure must be carried out when the Council is carrying out 'relevant business' and:

- Forms a business partnership with a customer;
- Undertakes a one-off transaction (including a property transaction or payment of a debt) involving payment by or to a customer of £5,000 or more;
- Undertakes a series of linked one-off transactions involving total payment by or to the customer(s) of £5,000 or more;
- It is known or suspected that a one-off transaction, or a series of them, involves money laundering;
- This must be completed before any business is undertaken for that customer in relation to accountancy, procurement, asset management, audit and legal services with a financial or real estate transaction.

5.17 In the above circumstances, employees must:

- Identify the person seeking to form the business relationship or conduct the transaction (an individual or company);
- Verify their identity using reliable, independent sources of information, Identify who benefits from the transaction;
- Monitor transactions to make sure they are consistent with what you understand about that person or country;
- Understand the source of their funds;
- Ensure there is a logical reason why they would want to do business with the Council.

5.18 Transaction and business relationship records should be maintained in a form from which a satisfactory audit trail may be compiled, and which may establish a financial profile of any suspect account or customer.

5.19 The steps that will be followed to continuously mitigate the risks associated with money laundering are:

- Applying customer due diligence measures to verify the identity of customers and any beneficial owners obtaining additional information on customers;
- Conducting ongoing monitoring of the transactions and activity of customers with whom there is a business relationship;
- Having systems to identify and scrutinise unusual transactions and activity to determine whether there are reasonable grounds for knowing or suspecting that money laundering or terrorist financing may be taking place.

5.20 Risks will be reviewed continuously as part of the annual review of the Council Risk Register.

6. Guidance and training

6.1 The Council will:

- Make members and officers aware of the requirements and obligations placed on the Council, and on themselves as individuals, by anti-money laundering legislation; and
- Give targeted training to those considered to be the most likely to encounter money laundering.

6.2 Further information can be obtained from the MLRO and the following sources:

- Anti-money laundering responsibilities from gov.uk:
<https://www.gov.uk/guidance/money-laundering-regulations-your-responsibilities>
- Anti-money laundering guidance from the Law Society:
<http://www.lawsociety.org.uk/support-services/advice/articles/quick-guide-to-the-money-laundering-regulations-2017/>
- CIPFA: www.cipfa.org/members/members-in-practice/anti-money-laundering
- The National Crime Agency: www.nationalcrimeagency.gov.uk



Confidential report to the Money Laundering Reporting Officer

To: Money Laundering Reporting Officer

From: _____ *[insert your name]*

Title/Service: _____ *[insert your post title and service]*

Telephone: _____

Date of report: _____

Response needed by: _____ *[e.g. transaction due date]*

Name(s) and address(es) of person(s) involved:
[If a company/public body please include details of nature of business]

Nature, value and timing of activity involved:
[Please give full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

| | | | |
|--|--------------------------|--------------------------|---------------------------------------|
| | Yes | No | |
| Has any investigation been undertaken? | <input type="checkbox"/> | <input type="checkbox"/> | If 'yes' please provide details below |
| Have you discussed your suspicions with anyone else? | <input type="checkbox"/> | <input type="checkbox"/> | |

Details of investigation undertaken and/or discussions held:

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

To be completed by the Money Laundering Reporting Officer

Date report received:

Date acknowledged:

| Evaluation | |
|---|--|
| What action is to be taken? | |
| Are there reasonable grounds to suspect money laundering activity? If so, please provide details | |
| Reporting | |
| If there are reasonable grounds for suspicion, will a report be made to the NCA? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If 'no', reasons for non-disclosure | |
| If 'yes', date of report to NCA | Online / Manual [delete as appropriate] |
| Consent | |
| Is NCA consent required for any ongoing or imminent transactions? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If 'yes', please confirm details | |
| Date consent received from NCA | |
| Date consent passed on to officer | |
| Other relevant information | |
| | |

Signed _____

Date: _____

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

1.3 Sanctions policy

Policy statement

Surrey County Council will ensure that:

- Appropriate sanctions are applied in all proven cases of fraud, theft and corruption;
- Public funds are recovered wherever possible; and
- The sanction decision making process is robust, transparent and fair.

1. Introduction

- 1.3 The Council takes its responsibility to protect public funds seriously and expects its business to be conducted to the highest ethical and legal standards. Where there is evidence of fraud, theft or corruption against the Council, those responsible, whether internal or external to the Council, will be held accountable for their actions using the full range of sanctions available.
- 1.4 This policy forms part of the Council's counter fraud framework and sets out:
- The range of sanctions available; and
 - Guidance on determining the appropriate action to take.
- 1.5 This policy is not prescriptive. A range of factors will require consideration before deciding on the appropriate sanction, including the individual circumstances of each case and the seriousness of the offence.

2. Sanction options

- 2.4 Where there is evidence of fraud, theft or corruption, the following options will be considered:
- No further action
 - Referral to professional bodies
 - Disciplinary action
 - Civil proceedings
 - Criminal prosecution
- 2.5 These options are not mutually exclusive and parallel sanctions may be pursued.

No further action

- 2.6 The Council may consider closing a case without taking any further action. This may be due to the following factors:
- Evidence is not robust or reliable
 - The offence is minor
 - The cost to pursue the case is not proportionate to the offence committed

Referral to professional bodies

- 2.7 Where there is adequate evidence that a person or entity has breached professional duties or responsibilities, the Council will refer the matter to the relevant professional body. This

may include the Disclosure and Barring Service if there is evidence of a safeguarding concern.

Disciplinary action

- 2.8 In the event that an allegation is made against a Council employee, the investigating officer will consult with Human Resources and the employee's line manager regarding risk assessments and disciplinary action. Any disciplinary action will be in accordance with the Council's Disciplinary Policy. Sanctions may include warnings or dismissal on the grounds of gross misconduct.
- 2.9 Additional sanction options will be considered alongside any disciplinary action including referral to professional bodies, civil proceedings and criminal prosecution.

Civil proceedings

- 2.10 Where evidence is not sufficient to prove a case beyond reasonable doubt, and therefore successful criminal prosecution is unlikely, the Council may consider civil proceedings for which the standard of proof is on the balance of probability.
- 2.11 Regardless of whether any sanction action is taken, the Council will always seek recovery of overpaid, misused or unfairly gained monies. The following measures may be considered in the pursuit of financial recovery:
- Consultation with the Council's Payroll and Pensions Teams to redress financial loss caused by employees;
 - Application of the Credit Control Team's usual procedures, which includes civil action when necessary;
 - Legal action such as search orders and freezing/tracing injunctions to preserve evidence and assets; and
 - Recovery of money through appropriate legal proceedings.

Criminal prosecution

- 2.12 Where there is sufficient evidence to indicate that a criminal act has taken place, the case may be referred to the police. The decision to refer the issue to enforcement agencies, such as Surrey Police, will be taken by the Director of Finance and/or Monitoring Officer as advised by the Chief Internal Auditor.
- 2.13 The police or Crown Prosecution Service will provide a final decision on whether to pursue the case. This decision will consider the following:
- **Evidential criteria** such that the evidence must be:
 - Clear, reliable and admissible in court
 - Strong enough for a realistic chance of prosecution; to prove a case 'beyond reasonable doubt'
 - Whether prosecution is in the **public interest**, taking into account:
 - Seriousness and/or monetary value of the offence
 - Cost and proportionality of the prosecution
 - Age, health and level of culpability of the suspect
 - Circumstances of and harm caused to the victim
 - Other factors such as community impact

- 2.14 Where the Council considers it “expedient for the promotion or protection of the interests” of its residents, Section 222 of the Local Government Act 1972 empowers the Council to:
- Prosecute or defend or appear in legal proceedings and, in the case of civil proceedings, institute them in their own name; and
 - In their own name, make representations in the interests of residents at any public inquiry held by or on behalf of a public body under any enactment.
- 2.15 The Council will only consider undertaking prosecutions through this route under exceptional circumstances and any decision to do so will be taken by the Section 151 Officer and Monitoring Officer as advised by the Chief Internal Auditor.
- 2.16 Any criminal proceedings will include an attempt to recover money under the Proceeds of Crime Act 2002.

3. Leaving the Council

- 3.7 During the course of an investigation or disciplinary action, the employee(s) suspected of fraud, theft or corruption may choose to resign from their employment with the Council. In this case, following a review of evidence, the Council may continue to pursue referral to professional bodies, civil proceedings or criminal prosecution.
- 3.8 The employee’s line manager will also consult with Human Resources to determine whether it will be appropriate to provide a reference to future employers.

4. Publicity

- 4.3 The decision to publicise outcomes will consider the following criteria:
- Interests of Surrey County Council;
 - Interests of Surrey residents; and
 - Deterrent value to others.

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