NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

17 MARCH 2025

COUNTER FRAUD FRAMEWORK REPORT

1.0 PURPOSE OF THE REPORT

1.1 To note the results of the annual fraud risk assessment and actions in the counter fraud development plan.

1.2 To seek Member approval for the 2025/26 counter fraud work plan.

1.3 To seek Member approval for the updated Counter Fraud and Corruption Policy

2.0 BACKGROUND

2.1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime[1]. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this is detected[2]. Veritau is engaged to deliver a counter fraud service for the Council. The service helps to mitigate fraud risks, investigate suspected fraud, and to take appropriate action when it is detected.

2.2 The Council's fraud risks, and counter fraud framework should be evaluated regularly, and the resources allocated to counter fraud activities should align with the threat the Council faces. The Council's policies and arrangements should also reflect current best practice. All of these elements are considered annually in preparing the counter fraud plan.

3.0 COUNTER FRAUD FRAMEWORK

3.1 The 2025/26 counter fraud plan is attached as **appendix 1**. The plan reflects the Council's current arrangements, and the fraud risks it faces.

3.2 The identification of potential fraud threats is key to assessing the Council's current exposure to risk. The assessment is designed to identify the areas of fraud that present the greatest risk to the Council and is informed by national and regional reports of fraud affecting local authorities. The results of the assessment will be used to focus future audit and counter fraud work and to help develop or strengthen fraud prevention measures.

3.3 The fraud risk assessment will be kept under review so that any significant new or emerging risks are identified and addressed.

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[1] Progress combatting fraud (Forty-Third Report of Session 2022-23), Public Accounts Committee, House of Commons

[2] An overview of the impact of fraud and error on public funds, National Audit Office

3.4 The 2025/26 counter fraud plan includes a number of actions that link to the Fighting Fraud and Corruption Locally national guidance for local authorities, and a work plan that provides a high-level overview of the areas of work for the coming year.

3.5 A review of the Council's counter fraud policy framework has identified the opportunity to update the sanctions the Council may offer to offenders. As a result, a new Counter Fraud and Corruption Policy which details the use of formal cautions is attached as **appendix 2**.

3.6 A total of 1,100 days has been allocated to counter-fraud work in 2025/26.

4.0 IMPLICATIONS

4.1 There are no local member, financial, human resources, legal, equalities or climate change implications.

5.0 RECOMMENDATIONS

Members are asked to:

- note the results of the annual fraud risk assessment actions in the counter fraud development plan
- approve the 2025/26 counter fraud work plan
- approve the updated Counter Fraud and Corruption Policy

MAX THOMAS
Head of Internal Audit

17 March 2025

BACKGROUND DOCUMENTS

None

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Veritau - Assurance Services for the Public Sector
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NORTH YORKSHIRE COUNCIL

2025/26
Counter Fraud Plan

Date: 17 March 2025

APPENDIX 1

Veritau
Assurance for the public sector

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BACKGROUND

1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime[1]. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction of this is detected[2]. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.

2 When fraud is committed against the public sector, money is diverted from vital public services into the hands of criminals. Local authorities should therefore ensure that they have the right policies and procedures in place to prevent it from happening. They should also promote a strong anti-fraud culture at all levels of the organisation as well as amongst the general public.

3 The methods employed by criminals are constantly evolving as they explore new ways to defraud local authorities. To respond effectively, councils need to monitor the fraud landscape to ensure that their counter fraud measures offer protection from these evolving threats.

NATIONAL COUNTER FRAUD STRATEGY

4 Since its inception, North Yorkshire Council has followed principles set out by CIPFA and Fighting Fraud and Corruption Locally (FFCL) to guide and develop its response to fraud.

5 In 2014, CIPFA set out the responsibilities of Local Authority leaders to counter fraud and corruption within their organisations in their Code of practice on managing the risk of fraud and corruption[3]. The code says that organisations should:

- acknowledge the responsibility of the governing body for countering fraud and corruption
- identify the fraud and corruption risks
- develop an appropriate counter fraud and corruption strategy
- provide resources to implement the strategy
- take action in response to fraud and corruption.

6 In 2020, FFCL published the most recent counter fraud and corruption strategy for local government.[4] The strategy recommends that councils consider the effectiveness of their counter fraud framework by considering performance against the five key themes set out below.

- **Govern** – *Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded*

[1] Progress combatting fraud (Forty-Third Report of Session 2022-23), Public Accounts Committee, House of Commons
[2] An overview of the impact of fraud and error on public funds, National Audit Office
[3] Code of practice on managing the risk of fraud and corruption, CIPFA
[4] A strategy for the 2020s, Fighting Fraud and Corruption Locally

throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Senior officers set the tone from the top that fraud and corruption is not acceptable. The Council has a robust anti-fraud policy framework that is reviewed annually and there are regular communications issued to employees. Counter fraud work is regularly reported to members and officers in the course of the year.

- **Acknowledge** – *Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.*

An annual risk assessment of fraud is published and presented to members. It is informed by national fraud trends, as well as fraud reported to and investigated by the counter fraud team. The risk assessment is used to help direct counter fraud resources. The Council engages Veritau to provide a counter fraud service which ensures access to fraud prevention and detection resources, including a team of trained investigators.

- **Prevent** – *Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.*

Prevention of fraud is considered as a matter of course in the work of both the counter fraud and internal audit teams. Where investigations identify changes to controls that could help prevent fraud these are discussed with senior council officers and checks are made to ensure any agreed action is implemented. The counter fraud team invests in training for its officers to ensure they remain up to date in the use of technology. Work with the Communications Team helps to develop an anti-fraud culture within the Council and for the residents it serves. In 2025 a new offence will come into law, the Failure to Prevent Fraud, which makes large organisations corporately liable for fraud committed by their employees. The implications of the new law for the Council need to be examined.

- **Pursue** – *Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.*

Strong action is taken to punish criminals and recover funds lost to fraud. All cases of fraud are investigated to criminal standards and the Council considers prosecution of suspected offenders where appropriate, or can apply a range of other potential sanctions. Through counter fraud team has established joint working arrangements with the Department for Work and Pensions to tackle fraud that affects the authority and payment of state benefits. By working together investigations into criminals defrauding both the Council and the DWP will be more effective and efficient. The counter fraud team also work with the police as part of the multiagency response to adult social care/safeguarding concerns. All avenues are considered to recover loss, including civil recovery. As a

result of counter fraud work the Council has achieved £316.1k in counter fraud savings[5] in 2024/25 (up to the end of January).

- **Protect** – *Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.*

Fraud affects communities across the North Yorkshire and residents are as likely to be targeted as the Council is. National data matching helps identify where residents may be the victims of identity theft. Regular liaison with other councils in the region can identify fraud that is occurring across boundaries. The counter fraud team intend to develop information sharing protocols with more stakeholders in 2025/26. Work to prevent fraud and seek redress when it does occur helps protect communities from the impact criminality can have on delivering services.

FRAUD RISK ASSESSMENT

7 Fraud risks are assessed annually to identify priorities for counter fraud work. The 2025/26 fraud risk assessment, contained in annex A, is informed by national and regional reports of fraud affecting local authorities as well as fraud reported directly to the counter fraud team (CFT). Inherent risk ratings show the risk to the Council if no controls are in place to prevent fraud. The residual risk rating indicates the potential risk level after current controls are taken into account.

The results of the assessment are used to:

- develop or strengthen existing fraud prevention and detection measures
- revise the Counter Fraud Policy Framework
- focus future audit and counter fraud work.

8 By their nature, fraud risks are hard to quantify. For example, there are no established methodologies for determining estimated losses due to fraud in most areas. The terms high, medium, and low are therefore used in the risk assessment to provide a general indication of both the likelihood and impact of fraud in each area. However, we have intentionally avoided defining what high, medium, and low risk mean given the inherent uncertainty.

9 The risk assessment has been carried out by Veritau, based on our understanding of fraud risks in the sector and our knowledge of controls in place within the Council to prevent, identify and deter fraud. It is used to inform priorities for counter fraud and internal audit work by Veritau. However, it is separate from the wider Council risk management framework. We will be seeking to further develop the risk assessment in the coming year by working with officers responsible for management of risks in key areas.

[5] Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year) and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

10 The updated risk assessment includes additional work planned by internal audit and the counter fraud teams, eg testing of key financial systems and training on detecting procurement fraud alongside the introduction of the new Procurement Act 2023.

11 The fraud risk assessment will be kept under review so that any significant new or emerging risks are addressed.

COUNTER FRAUD DEVELOPMENT AND WORK PLANS

12 The 2025/26 counter fraud development plan is included in annex B. It sets out development activity for the counter fraud team and North Yorkshire Council for the coming year. Actions are linked to the five key themes set out by the FFCL counter fraud strategy for local government.

13 The counter fraud work plan is included in annex C. The plan sets out the areas of counter fraud work to be undertaken in 2025/26. The time allocation for each area is not defined because it will depend on the levels of suspected fraud reported to the counter fraud team. Reactive investigations (determined by allegations of fraud received) will however account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud development plan and fraud risk assessment. A total of 1,100 days has been allocated to counter fraud work in 2025/26.

POLICY FRAMEWORK REVIEW

14 The Council's counter fraud policy framework is reviewed annually. The review considers a number of counter fraud related policies (including the anti-fraud, corruption, and bribery policy, the whistleblowing policy, and other associated policies).

15 An updated Fraud and Corruption Prosecution Policy (an annex to the Counter Fraud and Corruption Policy) is presented alongside this Counter Fraud Plan. The update replaces formal warnings with formal cautions as a sanction that the Council can issue following investigations.

16 A new policy may need to be created (or an existing policy expanded) to reflect the Economic Crime and Corporate Transparency Act 2023. This created a new Failure to Prevent Fraud offence which comes into effect in September 2025.

ANNEX A: 2025/26 FRAUD RISK ASSESSMENT

Risk area #1	Social care fraud	Inherent risk	High	Residual risk	High
Risk description	For adult social care, losses can occur through deprivation or non-declaration of capital which can involve the transfer or disguise of property in order to avoid paying for residential or domestic care provision. Residential homes could also continue to claim for customers who are no longer in residence (eg after they pass away). In both adult and children's social care, fraud can occur through the misuse of the Direct Payment scheme. For example, where monies allocated to meet a customer's assessed needs are not used to procure support services. Losses in social care fraud cases can be substantial, especially if they are not detected at an early stage.				
Risk controls	Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated. A range of monitoring and verification controls are operated by the Council. This includes requiring customers in receipt of Direct Payments to have a separate bank account for managing these funds and complying with monitoring procedures to verify spending. In instances of misused Direct Payments, customers are moved to a commissioned service. The residual risk of adult and children's social care fraud is still considered to be high. This is due to the level of spend in this area, the scale of losses, and the speed at which they can be accrued. It is also a reflection of the difficulty all councils have in detecting assets when people are determined to keep them hidden.				
Priorities for internal audit / counter fraud	Veritau has established relationships with senior management and officers responsible for the provision of social care; concerns of fraud are regularly reported to the counter fraud team (CFT) for investigation. Internal audit (IA) periodically conducts audits into Direct Payment process and social care financial assessments. The CFT delivers a rolling programme of fraud awareness to employees with responsibilities for assessment and payments. Investigation of fraud in this area provides a deterrent to those considering committing it and can assist the Council to recover losses through the court system.				

Risk area #2	Creditor fraud	Inherent risk	High	Residual risk	High
Risk description	Over the course of a number of years attempts to commit fraud against the creditor payment systems of public and private sector organisations has increased in terms of volume and sophistication. The mandatory publication of payment data makes councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (in excess of £1 million). The likelihood of recovery is low once a fraud has been successfully committed. The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the Council are targeted and impersonated in order to obtain fraudulent payments. There have been increased instances nationally and regionally of hackers gaining direct access to email accounts of suppliers and using these to attempt to commit mandate fraud. These attempts can be much more difficult to detect and prevent.				
Risk controls	The Council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details. Segregation of duties exist between the ordering, invoicing and payments processes. The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss and the frequency of attacks. The Council's reliance on its own employees, and those of its suppliers, to follow processes, and the inevitable element of human error, are factors in many successful mandate fraud attacks.				
Priorities for internal audit / counter fraud	Veritau regularly provides support and advice to finance officers responsible for the payment of suppliers. The IA work programme routinely includes audits of key financial systems and processes. This includes main accounting, systems, creditor payments, and use of purchase cards. The biennial National Fraud Initiative exercise includes reports relating to potential duplicate payments and multiple creditor records for individual suppliers. The CFT delivers fraud awareness training to relevant officers. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur. All instances of attempted creditor related fraud are reported to the CFT who then report to relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from which false emails originated. The CFT regularly shares				

	intelligence alerts relating to attempted fraud occurring nationally with relevant council officers to help prevent losses. As part of any investigation of attempted fraud in this area, the CFT will advise on improvements that will strengthen controls.

Risk area #3	Cybercrime	Inherent risk	High	Residual risk	High
Risk description	Cybercrime is an evolving area where criminals are continually refining their techniques in order to overcome controls, obtain unauthorised access and information, and frustrate systems. As cybercrime can be perpetrated remotely, attacks can come from within the UK or overseas. Some cybercrime is motivated by profit, however some is designed purely to disrupt services. Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery. There have been a number of high-profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or ICT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.				
Risk controls	The Council has skilled ICT employees whose expertise is used to help mitigate the threat of cybercrime. The ICT department has processes to review threat levels and controls (eg password requirements for employees). The ICT department uses filters to block communications from known fraudulent servers and will encourage employees to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls. Despite strong controls being in place, cybercrime remains a high residual risk for the Council. The potential for cybercrime is heightened by the availability of online tools. The UK government reported that 50% of businesses and 32% of charities had experienced some form of cyber security breach or attack in 2023/24. Council systems could be exposed by as yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which may allow criminals access to council systems believed to be secure. The residual risk of cybercrime remains high due to the constantly evolving methods employed by fraudsters which requires regular review of controls.				

Priorities for internal audit / counter fraud	IA routinely include ICT audits in the annual work programme. Cybersecurity is an ongoing priority for IA work. Future work may also include disaster recovery and incident management processes. Raising awareness with employees can be crucial in helping to prevent successful cyberattacks. The CFT works with ICT to support activities on raising awareness amongst employees. A campaign to mark cybersecurity awareness month is undertaken annually. ICT can access free resources from the National Cyber Security Centre to help develop and maintain their cyber defence strategy.

Risk area #4	**Council tax and business rate frauds**	**Inherent risk**	**High**	**Residual risk**	**Medium**
Risk description	Council tax discount fraud is a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the Council. Business rates fraud can also involve falsely claiming discounts that a business is not entitled to, eg small business rate relief. Reports of business rate fraud are less prevalent than Council Tax fraud but can lead to higher losses in individual cases.				
Risk controls	The Council employs a number of methods to help ensure only valid applications for discounts and exemptions are accepted. This includes requiring relevant information be provided on application forms, and visits to properties are undertaken where needed, to verify information. The Council routinely takes part in the National Fraud Initiative (NFI). The exercise allows councils to cross check records that may highlight households with occupants not declared for council tax purposes (ie people registered to vote at properties where they are not registered for council tax). The Council undertakes reviews of single person discounts to ensure that those receiving a discount remain eligible to do so.				
Priorities for internal audit / counter fraud	The CFT delivers fraud awareness training to employees in the revenues team about frauds affecting Council Tax and Business Rates. IA regularly review the administration of Council Tax and Business Rates as one of the Council's key financial systems. The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution. The service is working to				

	unify records from the former districts and boroughs into a single system. This may present additional opportunities to identify incorrect or duplicate claims that were previously masked as they were awarded by different authorities.

Risk area #5	Council tax reduction fraud	Inherent risk	High	Residual risk	Medium
Risk description	Council Tax Reduction (CTR) is a council funded reduction in liability for Council Tax. It is resourced through council funds. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss. CTR fraud can involve applicants failing to declare their total assets or income. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support. Many CTR claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP).				
Risk controls	The Council undertakes eligibility checks on those who apply for support. Officers manage the assessment of new and ongoing claims for CTR to identify potential issues. The Council will routinely take part in the National Fraud Initiative (NFI) which highlights potentially fraudulent claims. The DWP use data from HMRC on claimants' incomes which is then passed through to council systems. This mitigates the risk of claimants not updating the Council with income details. There are established lines of communication with the DWP where claims for Council support are linked to externally funded benefits. The Council jointly works with the DWP to investigate fraud that affects both organisations, this can help achieve better results for the Council where state benefits are involved.				
Priorities for internal audit / counter fraud	The CFT regularly raises awareness of fraud with teams involved in processing claims for CTR. The CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution. Concerns of fraud can be reported to the CFT by officers. The CFT will also seek opportunities to raise awareness with the public about the mechanisms for reporting fraud. If fraud cannot be addressed by the Council directly it will be reported to the DWP or relevant agency. The CFT joint work with the DWP whenever it is in the best interests of the Council.				

Risk area #6	Housing related fraud	Inherent risk	High	Residual risk	Medium
Risk description	Council properties represent a significant asset to the council. Housing fraud can deprive the council of these assets through false applications for Right to Buy. Tenants who sublet or falsely obtain council properties remove a property from a person or family in true need of housing and can negatively affect the council financially when people are in temporary accommodation and are waiting for a suitable property to become available.				
Risk controls	The council has strong controls in place to prevent false applications for housing. The housing department engages with tenants regularly which can help identify potential misuse of properties. The CFT provide a deterrent to fraud in this area through the investigation of any suspected subletting of council properties using powers under the Prevention of Social Housing Fraud Act. Offenders face criminal prosecution and repossession of their council properties.				
Priorities for internal audit / counter fraud	The CFT will continue to raise awareness of fraud with teams involved in applications for council housing and the management of housing stock. The investigation of reports of the subletting of council properties are treated as a high priority. The team will also support the Council in seeking Unlawful Profit Orders where council properties have been sublet for financial gain. The CFT will offer support to verify applications made through the Right to Buy scheme.				

Risk area #7	Procurement fraud	Inherent risk	High	Residual risk	Medium
Risk description	Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. Businesses that collude to stifle competition and fix or inflate prices are referred to as a cartel. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain				

	can raise prices by 30% or more. Procurement fraud can also take the form of mischarging, delivering substandard work, and diverting goods or services. In 2020 CIPFA reported losses of £1.5m for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.
Risk controls	The Council has established Contract Procedure Rules. The rules are reviewed regularly and require a competitive process for significant procurements, through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. Contract monitoring helps to detect and deter potential fraud. The Procurement Act 2023 has recently come into force. The Act contains new processes which should help prevent and detect fraud in this area.
Priorities for internal audit / counter fraud	Continued vigilance by relevant employees is key to identifying and tackling procurement fraud. IA and the CFT monitor and share guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies. IA regularly undertake procurement related work to help ensure processes are effective and being followed correctly. The CFT are planning on providing training in 2025/26 to employees working in this area on the types of fraud that can occur with reference to the new Procurement Act.

Risk area #8	**Theft of assets**	**Inherent risk**	**High**	**Residual risk**	**Medium**
Risk description	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The Council own a large amount of portable, desirable physical assets such as ICT equipment, vehicles, and tools that are at higher risk of theft.				
Risk controls	Specific registers of physical assets (eg capital items, property, and ICT equipment) are maintained. Asset tagging methods are also used to deter theft and aid recovery. The Council operates CCTV systems covering key premises and locations where high value items are stored. Entrances to council buildings are regulated				

	and controlled via different access methods. The Council's whistleblowing arrangements provide an outlet for reporting concerns of theft.
Priorities for internal audit / counter fraud	Thefts are reported to the police and Veritau. Instances of theft are investigated by CFT where appropriate.

Risk area #9	**Internal fraud**	**Inherent risk**	**Medium**	**Residual risk**	**Medium**
Risk description	Fraud committed by employees is a risk to all organisations. Internal fraud within councils occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurs at a senior level there is the potential for a greater level of financial loss and reputational damage to the Council. There are a range of potential employee frauds including theft, corruption, falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some employees have access to equipment and material that may be misused for private purposes. Payroll related fraud can involve the setting up of 'ghost' employees in order to obtain salary payments.				
Risk controls	The Council has up to date whistleblowing and anti-bribery policies. Campaigns are held annually to promote the policies and to remind employees how to report any concerns. The Council has checks and balances to prevent individual employees being able to circumvent financial controls, eg segregation of duties. Controls are in place surrounding flexitime, annual leave and sickness absence. The Council regularly participates in the National Fraud Initiative. Data matches include checks on payroll records for potential issues.				
Priorities for internal audit / counter fraud	Veritau liaises with senior management on internal fraud issues. Where internal fraud arises, IA and the CFT will review the circumstances to determine if there are underlying control weaknesses that can be addressed. CFT provide training to HR officers on internal fraud and whistleblowing issues. CFT investigate any suspicions of fraud or corruption. Serious cases of fraud will be reported to the police. In some				

	instances, it may be necessary to report individuals to their professional bodies. CFT can support any disciplinary action taken by the Council relating to internal fraud issues.

Risk area #10	Recruitment fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents. There is danger for the Council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility, or not having the appropriate professional accreditation for their post. In addition, there have been reports nationally of 'polygamous working' fraud, where an employee, usually in a temporary position, works for a number of different organisations at the same time.				
Risk controls	The Council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary. Additional checks are made on applications for roles involving children and vulnerable adults. References are taken from previous employers and there are processes to ensure qualifications provided are genuine. The National Fraud Initiative undertakes payroll data matches to identify employees who are working for multiple organisations at the same time.				
Priorities for internal audit / counter fraud	Where there is a suspicion that someone has provided false information to gain employment, the CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken. Applicants making false claims about their right to work in the UK or holding professional accreditations will be reported to the relevant agency or professional body, where appropriate. The CFT routinely share details of identities found to be used in polygamous working with HR to prevent and detect potential issues.				

Risk area #11	Treasury management	Inherent risk	Medium	Residual risk	Low

Risk description	Treasury Management involves the management and safeguarding of the Council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.
Risk controls	Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect Council funds. Only pre-approved employees can undertake transactions in this area and they work within pre-set limits.
Priorities for internal audit / counter fraud	IA conduct periodic work in this area to ensure controls are strong and fit for purpose.

Risk area #12	**Grant schemes**	**Inherent risk**	**Medium**	**Residual risk**	**Low**
Risk description	The Council takes on the responsibility for disbursing government funded grant schemes to local residents, businesses, and other organisations. Fraud in this area can include applicants supplying incorrect information to obtain grant payments or grant funded works (for example where grant funds are paid to a third-party supplier). Suppliers undertaking work may overcharge or not complete work to agreed standards. The Council can become liable for recovery of any incorrectly paid government funding. This can create a loss to the Council and may affect access to future grant schemes.				
Risk controls	The Council will complete any required fraud management plan which will consider fraud risks, and mechanisms for preventing and detecting fraud. When awarding payments or agreeing works, the Council (or their contractor) will complete checks to confirm applicants' eligibility.				
Priorities for internal audit / counter fraud	The CFT and IA will support the development of fraud management plans, and associated controls, where required. CFT can undertake investigation in cases of suspected fraud.				

Risk area #13	Blue badge fraud & parking fraud	Inherent risk	Low	Residual risk	Low
Risk description	Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the Council if abuse of this scheme is not addressed. Other low level parking fraud is relatively common, for example, misuse of residential permits to avoid commercial parking charges. The Council controls a number of car parks and chargeable on street parking spaces. Electronic payments by members of the public for use of council car parks can be diverted by criminals using false QR codes. This fraud targets the public and could lead to financial losses and cause reputational damage for the Council.				
Risk controls	Measures are in place to control the issuing of blue badges, to ensure that only eligible applicants receive badges. The Council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse. The Council also has a dedicated team that enforce parking regulations.				
Priorities for internal audit / counter fraud	The CFT will continue to engage with the Council's enforcement team and encourage participation on the 2025 national parking day of action. This will help raise awareness and act as a deterrent to blue badge misuse. Warnings can be issued to people who misuse parking permits and blue badges. Serious cases will be considered for prosecution.				

ANNEX B: COUNTER FRAUD DEVELOPMENT PLAN

Veritau is responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the Council. An annual review of priorities for the future development of counter fraud arrangements is therefore undertaken. Actions to be taken over the next year are set out below.

In addition to the specific areas set out in the table below, ongoing activity will continue in other areas that contribute to the Council's arrangements for countering the risk of fraud, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any other emerging issues
- regular reporting of internal audit and counter fraud activity to the Audit Committee.

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
1	Raising awareness of the Council's Whistleblowing Policy	Governing	Ongoing	Veritau / Human Resources	E-Learning packages are to be promoted to employees and managers in 2025/26.
2	Provide training on fraud risks to staff involved in procurement	Governing	December 2025	Veritau / Procurement Team	The new Procurement Act 2023 'goes live' in February 2025.
3	Review and maintain the Council's fraud risk assessment	Acknowledging	Ongoing	Veritau / Audit Committee	The fraud risk assessment is subject to annual review. Emerging threats will be considered as required during the course of the year to make sure the risk assessment remains up to date.
4	Evaluate the impact of the new Economic Crime and Corporate Transparency Act.	Preventing	September 2025	Veritau / Legal Department	The Council may require policy change to reflect the new legislation

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
					as well as training for relevant employees.
5	Review and investigate the results of the 2024/25 National Fraud Initiative (NFI)	Pursuing	December 2025	Veritau	Data was submitted to the Public Sector Fraud Authority in October 2024 and results have been sporadically released since December.
6	Increase levels of contact with neighbouring bodies and local authorities	Protect	April 2026	Veritau	Fraud can occur across council boundaries. Increased liaison, information sharing, and joint working can help to detect and deter fraud.

ANNEX C: COUNTER FRAUD WORK PLAN

A total of 1,100 days has been allocated to counter fraud work in 2025/26. A large proportion of this work will comprise reactive investigations which are determined by referrals received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities determined by the Fraud Risk Assessment and Counter Fraud Development Plan.

A high-level summary of the areas for counter fraud work in 2025/26 is shown in the table below.

Area	Scope
Counter Fraud General	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and providing support to the Council with the maintenance of the counter fraud framework. Updates on significant fraud trends and counter fraud activities will be provided to the Audit Committee during the year.
Proactive Work	This includes: • raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues • targeted proactive counter fraud work - for example through local and regional data matching exercises • support and advice on cases which may be appropriate for investigation and advice on measures to deter and prevent fraud.
Reactive Investigations	Investigation of suspected fraud affecting the Council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.

Area	Scope
National Fraud Initiative	Coordinating the investigation of data matches produced by the National Fraud Initiative (NFI). Collecting and submitting data for the 2025/26 single person discount match in December 2025.
Fraud Liaison	Joint Working with the Department for Work and Pensions where appropriate and providing data to support housing benefit investigations. Liaising with regional local authorities to address cross boundary fraud.

COUNTER FRAUD AND CORRUPTION POLICY

Incorporating the Fraud and Corruption Prosecution Policy and the Anti-Bribery Policy

1 Introduction

1.1 Fraud committed against the Council represents the theft of taxpayer's money. It is unlawful and deprives the Council of resources which should be available to provide services to the public. The Council must have effective measures in place to counter risks of fraud and corruption, to help reduce losses and to minimise the impact on services.

1.2 This document sets out the Council's policy on countering fraud and corruption risks. It includes overall arrangements and responsibilities for preventing, detecting and deterring fraud. It includes the Fraud and Corruption Prosecution Policy at annex A and the Anti-Bribery Policy at annex B. It forms part of the Council's overall policy framework for combating fraud and corruption and should be read in conjunction with other relevant guidance and policies including the following.

- The Constitution
- Financial Procedure Rules
- Procurement and Contract Procedure Rules
- Counter Fraud and Corruption Strategy
- Whistleblowing Policy
- Anti-Money Laundering & Terrorist Financing policy
- Disciplinary Procedures

2 Definitions and Scope

2.1 For the purpose of this policy, the term fraud is used broadly to encompass:

- acts which would fall under the definition in the Fraud Act (2006)
- anything which may be deemed fraudulent in accordance with the generally held view of fraud as causing loss or making a gain at the expense of someone by deception and dishonest means
- any offences which fall under the Council Tax Reduction Schemes Regulations (2013) and the Prevention of Social Housing Fraud Act (2013)
- any act of bribery or corruption including specific offences covered by the Bribery Act (2010)
- acts of theft
- any other irregularity which is to the detriment of the Council whether financially or otherwise, or by which someone gains a benefit they are not entitled to.

2.2 This policy does not cover fraud or corruption against third parties, except in circumstances where there may also be a detriment to the Council. It does not cover other acts – for example offences involving violence –

which may affect the Council, which in most cases should be reported directly to the police.

3 Principles

3.1 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whoever commits it. This includes, for example:

- councillors
- officers
- customers receiving services
- third party organisations contracting with the Council
- organisations or individuals receiving funding from the Council
- any other agencies the Council has business dealings with

3.2 There is a basic expectation that councillors, employees, and contractors' staff will act with integrity and with due regard to matters of probity and propriety. All representatives of the Council are required to act lawfully and comply with all rules, procedures and practices set out in legislation, the Constitution, the Council's policy framework, and all relevant professional and other codes of practice.

3.3 The Council will seek to assess its exposure to risks of fraud and corruption. It will prioritise resources available to prevent and deter fraud to help minimise this risk.

3.4 The Council will take all allegations and suspicions of fraud seriously, regardless of the source. It will consider any issues raised and if appropriate will undertake an investigation to confirm whether fraud has occurred and determine appropriate outcomes. Investigations undertaken will be proportionate to the circumstances of the issues raised. The Council may refer any incident of suspected fraud to the police or other agencies for investigation, where appropriate.

3.5 To act as a deterrent, the Council will take action in all cases where fraud (or an attempt to commit fraud) is proven, in proportion to the act committed and through any appropriate route. This may include prosecution, application of internal disciplinary procedures, referral under relevant codes of conduct or to a professional body, or any other action appropriate to the offence. Prosecution decisions will be made in accordance with the Fraud and Corruption Prosecution Policy which is contained in annex A.

3.6 As a further deterrent, and to minimise losses, the Council will attempt to recover any losses incurred through civil or legal action. In addition, the

Council will seek to apply any appropriate fines or penalties, and recover any costs incurred in investigating and prosecuting cases.

3.7 The Council will not tolerate any form of bribery. This includes bribes offered to or by employees, councillors, or suppliers. Any act of bribery puts the Council at risk of committing a criminal offence. Further details about the Council's measures to prevent and detect bribery are contained in the Anti-Bribery Policy which is attached at annex B.

4 Responsibilities

4.1 Overall responsibility for counter fraud arrangements rests with the Corporate Director of Resources (Section 151 Officer) on behalf of the Council. The Corporate Director of Resources has a responsibility for ensuring the Council has appropriate measures for the prevention and detection of fraud and corruption.

4.2 The Audit Committee has a responsibility to consider the effectiveness of counter fraud and anti-corruption arrangements at the Council. This includes monitoring of Council policies on raising concerns at work and countering the risks of fraud and corruption.

4.3 Management board are collectively responsible for ensuring that the Council has effective counter fraud and corruption procedures; that these comply with best practice and good governance standards; and that they are embedded across the organisation.

4.4 Veritau (who provide internal audit and counter fraud services to the Council) is responsible for reviewing the Council's counter fraud and corruption policies on a regular basis and recommending any changes needed. In addition, Veritau leads on fraud prevention and detection for the Council and is responsible for investigating suspected cases of fraud or corruption. The internal audit team carries out audit work to ensure that systems of control are operating effectively. This helps to reduce opportunities for fraud to be committed.

4.5 All managers are responsible for preventing and detecting fraud in their service areas. This includes maintaining effective systems of control and ensuring that any weaknesses identified are addressed promptly.

4.6 The Council has a Chief Money Laundering Compliance Officer (CMLCO) who has oversight of all Council anti-money laundering arrangements and is specifically responsible for overseeing money laundering regulations.

4.7 All staff should be aware that fraud and corruption is a threat to the Council and are required to report any suspicions of fraud to Veritau.

Where appropriate, staff can use the Whistleblowing Policy to raise concerns anonymously.

4.8 Officers within Human Resources are responsible for supporting service departments when pre-disciplinary investigations are required, or disciplinary processes are to be applied.

5 Overall Counter Fraud Arrangements

Introduction

5.1 The purpose of this section is to set out the Council's overall framework for countering the risks of fraud and corruption. The Council aims to follow best practice in countering fraud risks[1], but recognises that new and emerging fraud risks require a dynamic approach to fraud prevention and detection.

Measurement

5.2 The Council will assess potential risks and losses due to fraud and corruption. It will use this information to prioritise counter fraud activity and determine the resources needed to mitigate those risks. A summary of fraud risks and proposed counter fraud activity will be reported to the Audit Committee on an annual basis.

Culture

5.3 The Council will promote a culture where all employees, councillors, service users, and contractors are aware that fraud or corruption in any form is unacceptable. To do this, it will:

- ensure that there are clear arrangements in place for anyone to report suspicions of fraud or corruption (including employees, councillors, partners, contractors, the public or any other stakeholders)
- investigate suspicions reported and take appropriate action wherever evidence of fraud or corruption is found
- ensure that the consequences of committing or taking part in fraud or corruption are widely publicised.

Prevention and Detection

<u>Controls</u>

[1] For example the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

5.4 As part of normal operations the Council aims to ensure that proper systems of internal control are in place. This includes controls that can directly prevent and detect fraud. For example, separation of duties, management review, vetting as part of recruitment processes, and systems for declaring interests or gifts and hospitality. The effectiveness of the systems of control are monitored by internal audit and reported to the Audit Committee.

5.5 Services will be encouraged to consider the risk of fraud as part of the Council's risk management process. Any information on risks identified will be used to inform the annual review of counter fraud activity.

Proactive Work

5.6 The Council will carry out targeted project work (for example data matching exercises) to identify fraud and corruption in known high risk areas. This work will be carried out by Veritau as part of its annual work plan. Resources will be prioritised based on an annual assessment of fraud and corruption risks. Work may include joint exercises with other agencies, including other councils.

5.7 The Council will take part in projects led by other agencies that can help to identify potential fraud and corruption – for example the Cabinet Office's National Fraud Initiative. Resources will be allocated to take part in these exercises and to follow up any high risk data matches identified. Veritau will support service departments to ensure data is available to be used for matching exercises – for example advising on data protection considerations.

Relationships

5.8 The Council will establish and maintain relationships with external agencies that can help it prevent and detect fraud. These include:

- the police
- the courts
- the Cabinet Office
- the Department for Levelling Up, Housing, and Communities
- the Department for Work and Pensions
- other councils
- other public sector organisations (eg housing associations)
- charities, community and voluntary groups.

5.9 Veritau will work with Council departments to ensure that systems for reporting and investigating suspected fraud and corruption are robust.

Fraud Awareness Training

5.10 As part of the annual counter fraud workplan, Veritau will provide targeted fraud awareness training to groups of staff in areas at higher risk of fraud and corruption.

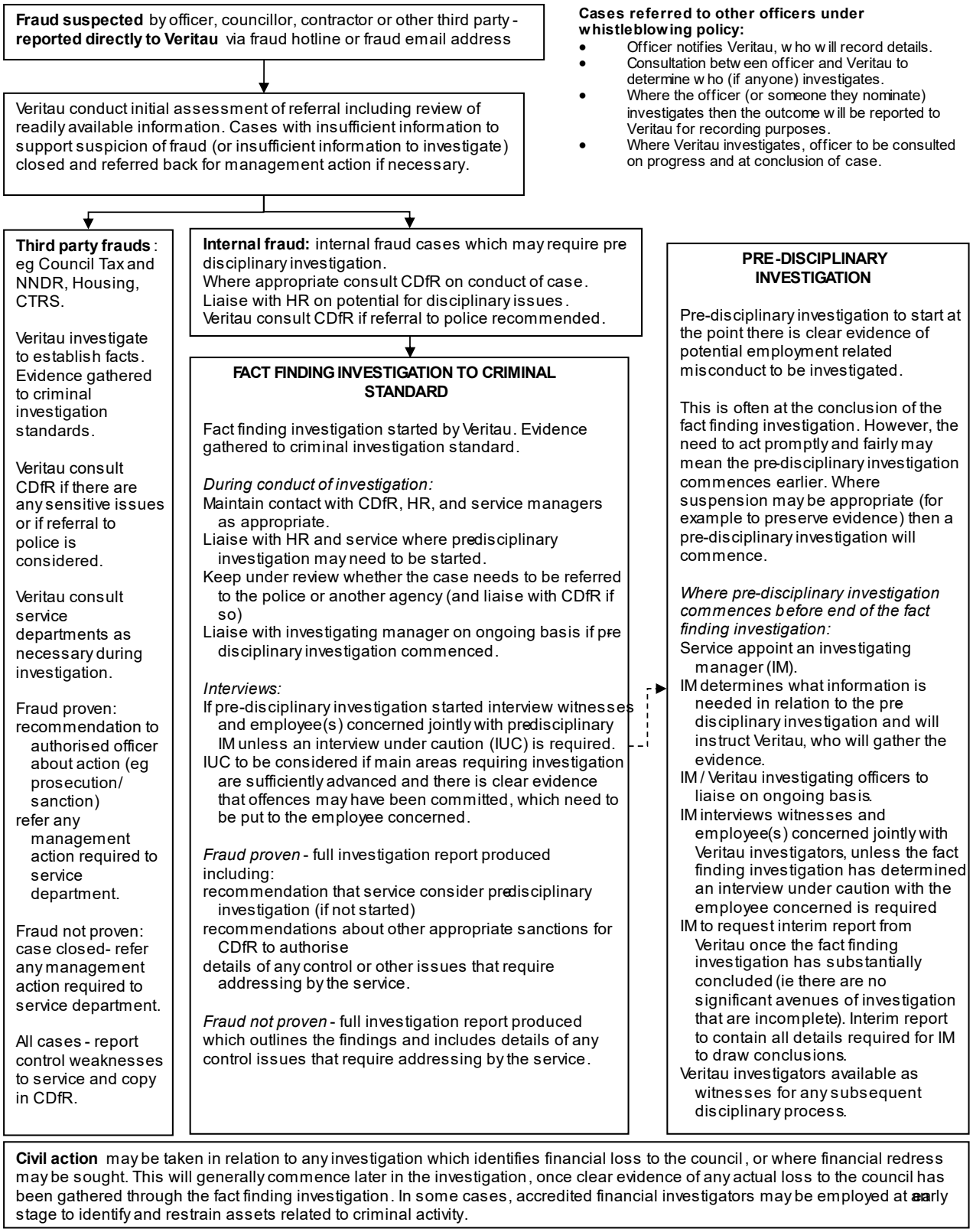
Investigation

5.11 Suspected cases of fraud, corruption, theft, or other irregularities considered a high risk will be investigated. The nature of the investigation will depend on the circumstances of each case. Any suspected fraud should be reported to Veritau in the first instance. Veritau will assess all cases referred and provide advice on whether other agencies should be notified (such as the police). In more complex cases, the extent of investigation required will be decided in consultation with the Corporate Director of Resources, Assistant Chief Executive (Legal and Governance), service department, and human resources, as appropriate. Where necessary, Veritau may refer cases to other agencies (for example the police) at the discretion of the Head of Internal Audit. Figure 1 overleaf outlines the fraud referral and investigation process.

5.12 All staff involved in the investigation of fraud will be appropriately trained. They will be required to comply with any relevant legislation and codes of practice. For example, the Police and Criminal Evidence Act (PACE), Regulation of Investigatory Powers Act (RIPA), the UK General Data Protection Regulation (UK GDPR), the Criminal Procedure and Investigations Act (CPIA), and any relevant guidance from the Attorney General. Investigators will consider the individual circumstances of anyone subject to investigation; adjustments to procedure will be made where necessary to ensure that all parties are treated equitably (where it is appropriate and reasonable to do so).

5.13 Every investigation will consider whether weaknesses in controls have contributed to the fraud or error occurring, in addition to other objectives. Where needed, recommendations to improve controls will be made.

Figure 1: North Yorkshire Council investigation process



5.14 The Head of Internal Audit will ensure that systems for investigating fraud are reviewed on an ongoing basis, to ensure that they remain up to date and comply with best practice.

Publicity

5.15 Targeted publicity will be used to raise awareness of fraud risks to employees, councillors, the public, and other agencies. This will include internal and external publicity. The aim of this will be to ensure that stakeholders:

- are alert to the risks of fraud and corruption
- know how to report suspicions of fraud
- are aware of the Council's zero tolerance approach to fraud and corruption.

5.16 The Council will publicise all successful prosecutions by itself or by partner organisations, to act as a deterrent against future fraud.

Recovery of Monies

5.17 Fraud and corruption will generally result in a loss to the Council or additional costs being incurred. Where this is the case, the Council will seek to recover its loss (or costs) from the individual or organisation responsible. This action helps to reduce the financial impact of fraud and acts as a deterrent. As a further deterrent, the Council will seek to apply any appropriate fines or penalties where it is possible and desirable to do so.

5.18 Methods of recovery include (but are not limited to):

- civil enforcement through the courts
- recovery from assets held by the organisation or individual using the Proceeds of Crime Act or other relevant legislation
- recovery from salary payments for Council employees
- recovery from pension benefits for members of the LGPS
- petitioning for bankruptcy if appropriate.

6 Monitoring & Review Arrangements

6.1 The arrangements set out in this policy will be reviewed on an annual basis as part of the counter fraud workplan. If required, updates will be presented to the Audit Committee for approval.

POLICY APPROVED ~~22 02 2022~~17 03 2025

ANNEX A

FRAUD AND CORRUPTION PROSECUTION POLICY

1 Scope and Purpose

1.1 The Council is committed to deterring fraud and corruption and recovering public funds. The decision to prosecute an individual is always a serious matter; however fair and effective enforcement is essential in protecting the Council from fraud.

1.2 Prosecution has a serious effect on suspects, witnesses, victims, and the public, so it is essential that the Council makes fair, consistent, and timely decisions in all cases. Where appropriate, lesser sanctions can be considered instead of prosecution.

1.3 This policy sets out the decision-making process for those cases where fraud or corruption has been found to have been committed against the Council.[2] Decisions should be fair, appropriate, and in the best interests of both the public and the Council.

1.4 The policy is based on principles set out in the Crown Prosecution Service's Code for Crown Prosecutors.

2 Principles

2.1 All decisions on intended prosecutions should be transparent and independent from the investigating officer(s) involved in the case. Any decision to prosecute should only be made after a review by appropriate officers and be authorised by a senior council officer. All decisions and the reasons for them should be properly documented.

2.2 When making decisions on prosecutions, officers must be fair and objective. They must not let any personal views about the ethnic or national origin, gender, disability, age, religion or belief, sexual orientation or gender identity of the suspect, defendant, victim or any witness influence their decisions. Neither must they be motivated by political considerations. In prosecuting individuals, the Council must always be acting in the interests of justice and not solely for the purpose of obtaining a conviction. Decisions should be consistent with Council policy and the law on equalities and human rights. The circumstances of the offence and any mitigation offered by the offender should be taken into consideration when making a decision.

2.3 The consistent application of the policy will help ensure that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating

[2] This policy does not cover internal disciplinary procedures which are the subject of separate policies, nor does it cover offences other than fraud and corruption which are dealt with by relevant service departments under other policies and specific legal powers.

committing fraud or corruption. The Council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.

2.4 Staff and members who are found to have committed fraud or corruption against the Council may be prosecuted in addition to such other action(s) that the Council may decide to take, including disciplinary proceedings in the case of staff, and referral to the Standards Committee in the case of members. Any decision not to prosecute a member of staff for fraud and corruption does not preclude action being taken in accordance with the Council's disciplinary procedures or other policies.

2.5 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the Council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

3 Prosecution

3.1 Local authorities are granted the power to prosecute under the Local Government Act 1972 (section 222). The legislation states that these powers should only be used for "the promotion or protection of the interests of the inhabitants of their area".

3.2 Not every contravention of the law should be considered for prosecution. The Council should weigh the seriousness of the offence alongside other relevant factors, including the circumstances of the offender, the level of any financial loss to the Council, mitigating circumstances and other public interest criteria.

3.3 A prosecution should only be considered if the investigation has passed two tests: the evidential test and the public interest test.

3.4 To pass the evidential test, authorised officers must be satisfied that there is a realistic prospect of conviction based on the available evidence (that is, there must be sufficient admissible, substantial and reliable evidence to secure a conviction). They should also consider what the defence case may be, and how it is likely to affect the prospects of conviction.

3.5 In deciding whether there is sufficient evidence to prosecute, the Council should consider the following questions:

- Is the evidence admissible in court
- Is the evidence reliable
- Is the evidence credible

- Is there any unused or unexamined material that might undermine the proposed charges
- Is there any additional evidence that could be obtained through further reasonable lines of enquiry?

3.6 Where there is sufficient evidence to justify a prosecution, authorised officers should consider whether a prosecution is required in the public interest. They should consider:

- How serious is the offence committed
- What is the level of culpability of the suspect
- What are the circumstances of, and harm caused to the victim
- What was the suspect's age and maturity at the time of the offence
- What is the impact on the community
- Is prosecution a proportionate response
- Do sources of information require protecting?

3.7 Where an investigation is found to meet the evidential test, but not the public interest test consideration should be given to ~~lesser~~ alternative sanctions such as a formal ~~written warning~~ caution or a financial penalty (where appropriate).

3.8 Investigating officers and prosecutors will review the appropriateness of pre-charge engagement where prosecution is considered. This is likely to occur where such engagement may lead the defendant to volunteer additional information that may identify new lines of inquiry. Pre-charge engagement may be instigated by the investigating officer, the Council prosecutor, the defendant's representative or a defendant themselves (if unrepresented).

4 Alternatives to Prosecution

4.1 If a case is considered strong enough for prosecution but there are mitigating circumstances which cast a doubt as to whether a prosecution is appropriate then the Council may consider the offer of a sanction instead. The two sanctions available are:

- a formal ~~written warning~~caution
- a financial penalty.

~~Formal Written Warnings~~

~~4.2 A formal written warning can be given to a person who has committed an offence, as an alternative to prosecution in certain circumstances. All warnings are recorded internally and kept for six years. If a person who has received a formal warning re-offends then this will influence the decision on whether to prosecute or not.~~

~~4.3 For less serious offences a formal warning will normally be considered where all of the following apply:~~

- ~~there is no significant public interest in prosecuting~~
- ~~it was a first offence, and~~
- ~~a financial penalty is not considered to be appropriate (for Council Tax Reduction offences).~~

~~Only in very exceptional circumstances will a further warning be issued for a second or subsequent offence of the same nature.~~

~~4.4 Offenders will usually be asked to attend the Council's offices to receive the formal written warnings in person. For more minor offences an advisory letter can be issued by post.~~

Formal Cautions

4.2 A formal caution is a warning given in certain circumstances as an alternative to prosecution, to a person who has committed an offence. A formal caution is a serious matter. Where a person offends again in the future then any previous cautions will influence the decision on whether to prosecute or not.

4.3 A formal caution will normally be offered where the following apply:

- there is sufficient evidence to justify instituting criminal proceedings;
- the person has admitted the offence;
- it was a first offence, and;
- an administrative penalty is not considered to be appropriate.

Only in very exceptional circumstances will a further caution be offered for a second or subsequent offence of the same nature.

4.4 Cautions will be administered by the Head of Internal Audit, Deputy Head of Internal Audit, Assistant Director – Corporate Fraud, Corporate Fraud Manager, or a Senior Fraud Investigator. If a caution is offered but not accepted, then the Council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a caution but declined to accept it.

Financial Penalties

4.5 In cases of Council Tax Reduction fraud, legislation[3] allows for a financial penalty to be offered to offenders as an alternative to prosecution. The penalty is set at 50% of the amount of the excess reduction, subject to a minimum of £100 and a maximum of £1,000. Once a penalty is accepted, the claimant has 14 days to consider their decision.

4.6 Subject to the criteria set out in the guidelines below, a financial penalty will normally be offered by the Council in the following circumstances:

- the council believes that there is sufficient evidence to prosecute
- it was a first offence or a previous offence was dealt with by way of a formal ~~warning~~caution, and
- in the opinion of the Council, the circumstances of the case mean it is not overwhelmingly suitable for prosecution, and
- the claimant has the means to repay both the overpayment and the penalty, and
- there is a strong likelihood that both the excess reduction and the penalty will be repaid.

4.7 It is important to note that the claimant does not need to have admitted the offence for a financial penalty to be offered. Financial penalties will be administered by authorised officers. If a financial penalty is not accepted or the acceptance is later withdrawn then the Council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

5 Proceeds of Crime Act 2002 (POCA)

5.1 In addition to the actions set out in this policy, the Council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for restraint and/or confiscation of identified assets. A restraint order will prevent a person from dealing with specific assets. A confiscation order enables the Council to recover its losses from assets which are found to be the proceeds of crime.

6 Implementation Date

6.1 This policy is effective from 1 April 2023 and covers all decisions relating to prosecutions and sanctions after this date.

[3] The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013

OFFICIAL

ANNEX B

ANTI-BRIBERY POLICY

1 Introduction

1.1 The Bribery Act became law in 2011. It enables appropriate action to be taken against all forms of bribery.

1.2 Bribery is defined as the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty. The act of bribery is the intention to gain a personal, commercial, regulatory, or contractual advantage. The Council does not tolerate any form of bribery.

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

1.4 This policy should be read in conjunction with the Council's Gifts and Hospitality policy.

2 Principles

2.1 The Council is committed to preventing, detecting, and deterring bribery. It aims to:

- ensure all employees, workers, councillors, and other relevant groups are aware of their responsibilities under this policy by publicising it and providing training
- encourage employees to be vigilant and report any suspicions of bribery
- investigate any allegations of bribery or assist the police or other agencies in any investigations or prosecutions they undertake
- take action against anyone involved in bribery in relation to Council business.

3 Scope

3.1 This policy relates to all Council activities. It applies to employees, workers, agency staff, volunteers, consultants, and councillors.

3.2 For partners, joint ventures, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

3.3 The Council requires employees, councillors and other relevant people to:

- raise concerns if they believe that this policy has been breached or may be breached in the future

- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in relation to the lawful and responsible conduct of activities.

3.4 As well as potential civil action and criminal prosecution, employees breaching this policy may face disciplinary action. This could result in dismissal in cases of gross misconduct.

4 Offences

4.1 There are four key offences under the Bribery Act 2010.

Section 1 – Offence of bribing another person

4.2 This section makes it an offence when a person offers, promises, or gives a financial or other advantage to another person and intends the advantage to induce a person to perform improperly a relevant function or activity or to reward a person for the improper performance of such a function or activity.

4.3 It is also an offence when a person offers, promises, or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

Section 2 – Being bribed

4.4 This section makes it an offence when a person requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly.

4.5 It is an offence when a person requests, agrees to receive or accepts a financial or other advantage and the request, agreement, or acceptance itself constitutes the improper performance of the person of a relevant function or activity.

4.6 It is an offence if a person requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity.

4.7 It is also an offence if a person in anticipation of or in consequence of the person requesting, agreeing to receive, or accepting a financial or other advantage, a relevant function or activity is performed improperly.

Section 6 – Bribery of foreign public officials

4.8 Under this section of the Act an offence is committed when a person intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business.

4.9 It is also an offence to offer, promise or give any financial or other advantage to a foreign public official.

Section 7 – Failure of a commercial organisation to prevent bribery

4.10 A relevant commercial organisation is guilty of an offence if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such activity.

Corporate responsibility

4.11 While the first three offences of the Bribery Act relate to the actions of people, a section 7 offence relates to the inaction of an organisation to prevent bribery. The legislation was drafted with commercial businesses in mind and after the legislation was adopted there was some debate as to whether public sector organisations could be found liable of the offence. In 2012 the government published guidance which clarified that any public sector organisation that "engages in commercial activities, irrespective of the purpose for which profits are made"[4] could be found guilty of a Section 7 offence.

4.12 North Yorkshire Council should be considered as commercial organisation under the legislation and could therefore be found to be corporately responsible for acts of bribery that occur within it. It is therefore important that it takes steps to prevent bribery from occurring.

4.13 If an offence has occurred, then the courts will consider six tests to determine whether the Council had any responsibility for the act.

[4] Paragraph 35 of Bribery Act 2010: Guidance to help commercial organisations prevent bribery https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/832011/bribery-act-2010-guidance.pdf

- Does the Council have proportionate procedures in place to prevent bribery by persons associated with it? These should be clear, practical, and accessible?
- Is there top-level commitment to preventing bribery? This includes support by councillors as well as officers.
- Is the Council's exposure to potential external and internal risks of bribery periodically assessed?
- Does the Council take a proportionate and risk based approach to mitigate bribery risks?
- Are anti-bribery policies and procedures embedded and understood throughout the organisation? Are they communicated internally and externally?
- Are procedures monitored and reviewed regularly?

Penalties

4.14 A person guilty of an offence under sections 1, 2, or 6 of the Bribery Act may be sentenced to:

- a maximum prison sentence of 12 months and/or a fine not exceeding £5,000 (if convicted in a magistrates court)
- a maximum prison sentence of 10 years and/or an unlimited fine (if convicted at a crown court).

4.15 An organisation found guilty of allowing bribery offences to occur may be subject to an unlimited fine that is in part determined by the gain that was sought to be made through bribery offences and an assessment of an organisation's culpability by the court.

5 How to raise a concern

5.1 All stakeholders have a responsibility to help the Council prevent and detect bribery and corruption. Any suspicions should be reported as soon as possible.

5.2 Members of staff should report suspicious activity to the counter fraud hotline on 0800 9179247 or by email to counter.fraud@veritau.co.uk. Alternatively, employees, workers, or contractors may raise concerns through the Council's Whistleblowing arrangements.

5.3 The Council will support anyone who reports suspicions or raises concerns, even if those concerns prove to be incorrect. It is committed to ensuring nobody suffers detrimental treatment because they refuse to take part in bribery or corruption, or because they report a concern that they believe is true.

6 What to do if someone reports a concern

6.1 All reports of possible bribery should be reported without delay to the Council's Corporate Director of Resources, Assistant Chief Executive (Legal and Governance), and Veritau.