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Counter Fraud Services

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Anti-Fraud, Bribery and Corruption Policy

North Devon District Council

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CUSTOMER SERVICE EXCELLENCE CSE

Support, Assurance & Innovation

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1. Anti-fraud, bribery and corruption statement.

1.1. Fraud is the most prevalent form of criminal activity in the UK. According to Chartered Institute of Public Finance and Accountancy (CIPFA) and Public Sector Fraud Authority (PSFA), fraud costs the UK economy up to £49 Billion annually in public sector losses alone.. This equates to £1,737, per household Local Authorities face estimated losses of £123.1 million annually, which directly impacts front line services. , For individuals, this means fewer resources for essential services, potential increases in council tax, and diminished trust in public institutions. The consequences of fraud are not abstract, they affect every resident, every household, and every community. Combating fraud is therefore not just a matter of legal obligation but a moral and civic duty to protect public funds and ensure fairness for all. ,

1.2. Fraud, bribery and corruption are criminal offences and will not be tolerated. Any fraud against North Devon District Council is a direct theft from the public purse. The Council will continue to develop and maintain robust processes and policies that aim to prevent, deter and detect fraud ensuring resources are safeguarded and the public retain confidence in North Devon District Council. This approach supports the council's strategic priorities, including financial security, housing, climate and environment, pride of place and prosperity and people matter, by ensuring public funds are used fairly and effectively.

1.3. The public rightly expects the local authority to conduct its affairs with honesty, transparency and integrity. Staff, elected members and partners are held to the highest standards of conduct. This policy forms part of a wider, integrated approach to reduce the opportunity for fraud, bribery and corruption to the lowest possible level through robust prevention, detection and deterrence. Where offences occur, the Council will take appropriate legal and disciplinary action and seek to recovery any defrauded funds for reinvestment in services for the community. .

In line with the Economic Crime and Corporate Transparency Act 2023, the Council recognises the offence of the failure to prevent fraud. To comply, the council maintains proportionate fraud prevention procedures, ensures staff and partners understand their responsibilities and regularly reviews controls and training. These measures reinforce the Council's commitment to ethical governance and protection of public resources.

2. Introduction

2.1. North Devon District Council's Anti-fraud, Bribery and Corruption Policy supports the Council's commitment to delivering its corporate plan priorities.

2.2. The Council's elected members and employees play an important role in creating, promoting and maintaining a culture which requires everyone to always act honestly and with integrity and to safeguard the resources for which they are responsible. North Devon District Council's policy is that:

- any level of fraud, corruption or bribery in or against the Council will not be tolerated
- every attempt will be made to deter and prevent and detect fraud
- opportunities for fraud and corruption will be reduced to the lowest possible level
- elected members and all employees will be provided with fraud awareness training and made aware of their obligation to report suspicions of fraud
- mechanisms will be in place for elected members, employees and customers to report fraud
- any suspicion of fraud will be thoroughly investigated and dealt with appropriately

- any evidence of criminal activity will be reported to the Devon Assurance Partnership Counter Fraud Team; and

- mechanisms will be in place for seeking redress in respect of money defrauded

2.3. North Devon District Council expects all individuals and organisations it engages with, including suppliers, contractors and service providers to act with integrity and in alignment with the Councils Core Values. This includes supporting the Councils strategic priorities of financial security, housing, climate and environment, pride of place and property, where people matter. Where relevant, North Devon District Council will include clauses in its contracts outlining consequences of fraud, bribery or corruption. Proven misconduct may result in contract termination, prosecution or other sanctions. By embedding these expectations into its relationships, the council reinforces its commitment to ethical governance and the protection of public resources.

3. What is Fraud?

3.1. There are a number of criminal offences that relate to what might commonly be termed as 'fraud' that are covered by the Theft Act 1968 and the Theft Act 1978. However, the Fraud Act 2006 created a new general offence of fraud with three definitions:-

- o Fraud by false representation, i.e. if an individual dishonestly makes a false representation and intends by making the representation to make gain for himself or another, or to cause loss to another or expose another to risk of loss;

- o Fraud by failing to disclose information, i.e. if an individual dishonestly fails to disclose to another person information which he is under a legal duty to disclose and intends, by means of abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss; and

- o Fraud by abuse of position, i.e. if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss.

3.2 On 1 September 2025, The Economic Crime and Corporate Transparency Act 2023 introduced a new corporate offence; failure to prevent Fraud. This applies to large organisations defined as those meeting two or more of the following criteria:
- more than 250 employees
- more than £36 million annual turnover
- more than £18 million in total assets

Under this offence, an organisation may be held criminally liable if an associated person associated person (such as an employee, contractor or subsidiary), commits a fraud intending to benefit the organisation or its clients, and the organisation did not have reasonable fraud prevention procedures in place. Importantly, it is not necessary to prove that senior management knew about or authorised the fraud.

While North Devon District Council may not currently meet the size threshold for automatic applicability, it remains committed to implementing proportionate fraud prevention procedures in line with eh Act's principles, ensuring public funds are protected and ethical standards upheld.

4. What is Bribery?

4.1. Broadly, the Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

4.2. Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event.

4.3. Some simple examples are:

- Bribery to secure or keep a contract
- Bribery to secure an order
- Bribery to gain any advantage over a competitor
- Bribery of a local, national or foreign official to secure a contract
- Bribery to turn a blind eye to a health safety issue or poor performance or substitution of materials or false labour charges
- Bribery to falsify an inspection report or obtain a certificate

4.4. Section 2 of the Bribery Act 2010 makes it an offence to accept a bribe.

5. What is Corruption?

5.1 Corruption is the abuse of entrusted power for private gain. It can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

5.2 'Misconduct in a public office' is a common law offence and is committed when the holder of a public office acts, in a way contrary to their duty, or indeed omits to act in line with their duty.

6. Avenues for Reporting Fraud, Bribery and Corruption

6.1 North Devon District Council has in place avenues for reporting suspicions of fraud, bribery and corruption. Employees, elected members, members of the public, contractors and partners should report any concerns or suspicions to:

Counter Fraud Team Manager at Devon Assurance Partnership
Online - Contact us - Devon Assurance Partnership
In writing – Counter Fraud Services Manager, Devon Assurance Partnership, The Watermark, Erme Court, Leonards Road, Ivybridge, PL21 0SZ
By telephone – 01392 382437 or 01392 383438

6.2 Employees can also report their concerns to their line manager (for school employee's head teacher, Chair of Governors), trade union representative or the Head of Legal Services. 'Protect', an independent charity provides free, confidential and practical advice if someone is unsure of how to raise a concern. They operate a Whistleblowing Advice Line – by telephone: 020 3117 2520 or by webform

6.3 All matters will be treated seriously and dealt with in a professional manner. If you ask us to treat the matter in confidence, we will do our utmost to respect your request but it is not possible to guarantee confidentiality.

Vigorous and prompt investigations will be carried out into all cases of actual or suspected fraud discovered or reported.

7 Responsibilities

7.1. The Chief Finance Officer as "Section 151 Officer" has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs and, together with the Chief Executive and members of the Senior Management Team, has overall responsibility for North Devon District Councils counter-fraud policy and procedures, and for establishing and maintaining a sound system of internal control to support the achievement of the Councils policies, aims and objectives.

7.2. The system of internal control is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them effectively. Managing fraud risk will be seen in the context of the management of this wider range of risks.

7.3. Responsibilities include:

- Assessing fraud risks and undertaking a regular review of the fraud risks associated with each of the key organisational objectives to keep the profile current
- Establishing an effective anti-fraud policy and fraud response plan, commensurate to the level of fraud risk identified in the fraud risk profile
- Designing and promoting an effective control environment to prevent fraud commensurate with the fraud risk profile
- Establishing appropriate mechanisms for:
  - reporting fraud risk issues
  - reporting to the Governance Committee
- Liaising with Risk Management and the Governance Committee
- Ensuring that North Devon District Councils recruitment policy is adhered to and that effective steps are taken at recruitment to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts
- Promote to all employees, the Organisation's anti-fraud policy and ensure all employees know what their responsibilities are in relation to assessing fraud risk, deterring and reporting potential fraud
- Ensuring that appropriate counter-fraud training is available, promoted and provided to staff
- Ensuring that vigorous and prompt investigations are carried out if fraud occurs or is suspected
- Ensuring appropriate legal, financial recovery and/or disciplinary action is taken against fraud perpetrators
- Taking appropriate disciplinary action against supervisors/managers where supervisory/managerial failures have contributed to the commission of fraud
- Taking appropriate disciplinary action against staff who intentionally fail to report or deter fraud
- Taking appropriate action to recover stolen assets and monies
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future

7.4. Operational managers / supervisors are responsible for:

- Maintaining effective internal controls within each of their areas of responsibility and ensuring controls operate effectively
- Preventing, Detecting and Deterring fraud
- Assessing fraud risks associated to the operations for which they are responsible
- Implementing proportionate risk-based fraud prevention measures, tailored to all operational activities
- Regularly reviewing and testing their service areas control systems
- Ensuring compliance with controls, and their systems continue to operate effectively
- Implementing proportionate and risk based fraud prevention controls to reduce risk if and when incidents are identified.
- Promote fraud awareness, and encourage everyone to report fraud concerns

7.5. Every member of staff and elected member of the council is responsible for:

- Acting with propriety in the use of North Devon District Councils resources and the handling and use of funds whether they are involved with cash or payments systems, receipts or dealing with suppliers and or customers
- Being alert to the possibility that unusual events or transactions could be indicators of fraud
- Reporting details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events
- Complying with the North Devon District Council Employee Handbook and the North Devon District Council's Code of Conduct specifically in respect of the declaration of 'Gifts and Hospitality' and potential conflicts of interest
- Ensuring fraud awareness training is undertaken and remains up to date
- Promoting an Anti-Fraud culture

Cooperating fully with those conducting internal checks, reviews or fraud investigations.