

# Appendix A

## Policy Statement

### Anti-Fraud, Bribery and Corruption Policy

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## **1. Introduction**

- 1.1 Reading Borough Council (the Council) is committed to safeguarding public funds and maintaining the highest standards of integrity. It is resolute in its efforts to prevent and combat fraud and corruption, whether originating internally or externally. The Council expects all Members, Officers, and staff to uphold the highest ethical standards by adhering to the Seven Principles of Public Life, the Council's Anti-Fraud, Bribery and Corruption Policy, relevant codes of conduct, internal policies and procedures, and applicable legislation.
- 1.2 The Council places great trust in the honesty and integrity of its Members and employees. It also expects external parties, including suppliers, contractors, and claimants, to act with the same level of integrity in their dealings with the Council. Fraud, corruption, and other forms of misconduct will not be tolerated, regardless of the source. The Council is committed to preventing, deterring, and detecting all forms of fraud and corruption, and will take appropriate action where such activity is identified, including referral to the police and other relevant authorities.
- 1.3 This policy outlines the Council's approach to addressing fraud, bribery, corruption, and dishonest conduct, both within the organisation and in its interactions with external parties.

## **2. Scope**

- 2.1 This policy applies to all actual or suspected instances of fraud, bribery, corruption, or dishonest conduct involving the Council. It covers both internal and external cases and applies to elected Members, Council employees, agency and temporary staff, contractors, volunteers, and service users.

## **3. Definitions: Fraud, Bribery, Corruption and Dishonesty**

- 3.1 The *Fraud Act 2006*, which came into force on 15 January 2007, does not provide a single definition of fraud. However, it establishes a general offence of fraud that can be committed in three distinct ways:
  - By false representation,
  - By failing to disclose information when legally required to do so,
  - By abuse of position.
- 3.2 The Act also introduces offences related to obtaining services dishonestly and the possession, creation, or distribution of articles intended for use in fraudulent activity.

- 3.3 The *Bribery Act 2010*, effective from 1 July 2011, sets out two general offences:
- Offering, promising, or giving a financial or other advantage,
  - Requesting, agreeing to receive, or accepting such an advantage.
- 3.4 Additionally, the Act creates a corporate offence for failing to prevent bribery carried out on behalf of an organisation. In essence, bribery involves giving or receiving something of value with the intention of influencing the actions of the recipient in favour of the provider. All staff must be aware of their responsibilities under this legislation.
- 3.5 The Council defines *corruption* as the act of giving or obtaining an advantage through illegitimate, immoral, or unethical means that conflict with the duties of employees or councillors or infringe upon the rights of others.
- 3.6 *Dishonesty* is a core element of fraud. A person is considered dishonest if they knowingly act in a dishonest manner. Additionally, even if the individual does not perceive their actions as dishonest, they may still be deemed dishonest if their conduct would be considered so by the standards of ordinary, decent people.

#### **4. Failure to Prevent Fraud**

- 4.1 The *Economic Crime and Corporate Transparency Act 2023* introduced a new corporate offence of *failure to prevent fraud*, which takes effect from **1 September 2025**. This legislation is intended to hold large organisations accountable where they benefit from fraudulent acts committed by employees or associated persons.
- 4.2 Reading Borough Council falls within the scope of this legislation as a “large organisation,” defined as meeting at least two of the following criteria:
- More than 250 employees
  - Annual turnover exceeding £36 million
  - Total assets exceeding £18 million
- 4.3 The offence applies when fraud is committed by employees, agents, subsidiaries, or other “associated persons” acting on behalf of the organisation, with the intention of benefiting the organisation or its clients. Importantly, the benefit to the organisation does not need to be the primary motive, fraud committed for personal gain that also benefits the organisation may still trigger liability. There is no requirement for senior management to have known about or authorised the fraudulent activity.
- 4.4 For the purposes of this offence, an “associated person” includes any employee, agent, or subsidiary of the organisation, as well as any individual or entity providing services on its behalf.

- 4.5 Companies within the Council's supply chain are not automatically considered associated persons unless they are delivering services *for or on behalf* of the Council. This includes, for example, employees of Council-owned subsidiaries or contractors delivering services such as housing repairs, highways maintenance, leisure, or outreach programmes. However, providers of goods or services *to* the Council, such as commercial cleaners, external legal advisors, valuers, accountants, or engineers, are not considered associated persons under this legislation.
- 4.6 Organisations can defend against this offence by demonstrating that they had *reasonable procedures* in place to prevent fraud, or that it was not reasonable to expect such procedures given the circumstances.
- 4.7 In practical terms, this means all Council employees, contractors, and associated persons must remain alert to potential fraud risks. Departments are expected to implement and follow robust fraud prevention procedures, provide regular fraud awareness training, and maintain strong internal controls. Any suspicions of fraudulent activity must be reported immediately through the appropriate channels, as failure to act could expose the Council to legal liability.

## 5. Rules and Procedures

- 5.1 The Council has various procedures and rules to ensure that the day-to-day operations and activities are properly controlled and are an important part of the internal control framework. These include: -
- Council Constitution including Financial Regulations.
  - Contracts Procedure Rules.
  - Code of Conduct for Councillors.
  - Officers' Code of Conduct; and
  - Scheme of Delegation.
- 5.2 Individual Services will have also introduced their own measures designed to control their activities e.g. schemes of delegation, working manuals, procedures etc.
- 5.3 Executive Directors need to ensure that staff have access to these rules and regulations and that staff receive appropriate training.
- 5.4 Reports of incidents involving elected Members will be passed to the Monitoring Officer to be dealt with in accordance with the *Arrangements for Dealing with Allegations of Misconduct*.
- 5.5 Failure to comply with the rules and regulations may result in formal action being taken. In the case of employees, this would be through the Council's disciplinary process, and for Members the appropriate political Group disciplinary processes.

- 5.6 It is the responsibility of the Monitoring Officer to report complaints about Councillor Conduct to the Standards Committee. The terms of reference of the Standards Committee, and the procedure for dealing with complaints about Members, are in Article 9 of the Council's Constitution.
- 5.7 The Audit & Governance Committee complements the work of the Standards Committee in relation to its role in promoting high ethical standards and providing oversight of the Council's governance arrangements and systems of internal control.

## **6. Behaviour of Members and Employees**

- 6.1 The Council is resolute that the culture and tone of the Authority is one of honesty and opposition to fraud and corruption. The Council expects Members (elected and/or co-opted) and employees (including agency staff, consultants and contractors) to lead by example in ensuring effective opposition to fraud and corruption. This includes ensuring adherence to legislation, local rules and regulations, national, professional and local codes of conduct and that all procedures and practises are beyond reproach.
- 6.2 The Secretary of State has specified the general principles<sup>1</sup> which are to cover the conduct of Members and co-opted Members. The Council has developed its working behaviour around these principles.
- 6.3 The Council's Codes of Conduct for Members and employees set out an approach to work that is honest, fair, accountable and, as far as possible, transparent. Members and employees must act in line with the codes at all times.
- 6.4 The Council's employees are a vital element in its stance against fraud and corruption and they are positively encouraged to raise any concerns that they may have.
- 6.5 All information supplied will be dealt with fairly and confidentially. The aim will be to avoid revealing the names of persons who supply information.
- 6.6 Executive Directors, in consultation with the council's statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer), are expected to deal firmly and quickly with those who are corrupt, who seek to corrupt, who defraud, or who seek to defraud the council. Cases involving staff will usually lead to disciplinary action, which may result in dismissal. Where there is *prima facie*

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<sup>1</sup> seven principles of public life identified in the First Report of the Committee on Standards in Public Life (the *Nolan Committee*)

evidence that a criminal offence has been committed it is the policy of the Council to refer the case to the Police for investigation and prosecution.

- 6.7 There is a need to ensure that any reporting process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations, may be dealt with as a disciplinary matter.
- 6.8 In relation to complaints involving Members, the Corporate Investigations Team will consult the Monitoring Officer on whether or not the complaint falls within the scope of the Members' Code of Conduct and if so, what further steps (if any) should be taken.

## **7. Prevention of Fraud and Corruption**

- 7.1 A key preventative measure against fraud and corruption is an adequate internal control framework covering all the Council's systems, both financial and non-financial, which support the delivery of services. The corporate rules and procedures referred to in paragraph 5.1 form part of this framework. The operation and adequacy of the internal controls in individual systems is the responsibility of Executive Directors and is subject to regular review by both Internal and External Audit.
- 7.2 A further preventative measure against fraud and corruption exists at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with the Council's Recruitment and Selection Policy, which requires written references to be obtained and identity documents to be checked.
- 7.3 When recruiting for posts that involve work with children or vulnerable adults, or where otherwise deemed appropriate, the screening process must include assessment and checks by the Disclosure and Barring Service.
- 7.4 All employees are required to report receiving any gift or hospitality to their manager who should decide if the gift is acceptable or should be declined. It must be recorded in a register maintained by the directorate. The type of hospitality offered and the person/organisation offering it must also be recorded in the register maintained by the Directorate.
- 7.5 Employees are required to declare their personal interests in accordance with the Officers Code of Conduct.
- 7.6 Members are required to declare their personal and prejudicial interests in accordance with the Code of Conduct for Members and voting Co-opted Members and to act in accordance with the code.

### Data Matching

- 7.7 The Council will undertake data matching exercises in accordance with Data Protection legislation for the purposes of identifying and reducing fraud and corruption.
- 7.8 Regular data matching files and Real Time Information (RTI) are received from the Department for Work and Pensions (DWP), and the information is used to identify any incorrectness of a Housing Benefit or Council Tax Support claims.
- 7.9 We are required by law to participate in the National Fraud Initiative (NFI) data matching exercises for the purposes of preventing and detecting fraud. These exercises are directed by the Cabinet Office and at present there are two data matching exercises:
- i. A two-yearly national match to government, local government and other public sector records for which we supply payroll, housing benefit, council tax reduction scheme, creditors, licensing and housing register data; and
  - ii. An annual local match of council tax and electoral register data.
- 7.10 The use of data by the Cabinet Office in data matching exercises is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the General Data Protection Regulation (GDPR) and Data Protection Act 2018.

### Probity Audits

- 7.11 Probity audits will be included in the Internal Audit Plan, as time allows, aimed specifically at identifying potential irregularities or providing assurance that they do not exist.

### Fraud Warnings

- 7.12 The Corporate Investigations Team will be the focal point for any fraud warnings on potential external threats or attacks that have occurred in other organisations and will take appropriate action to identify or prevent similar incidents occurring at this Council. This includes processing the Intelligence Bulletins published by the National Anti-Fraud Network.

## Whistleblowing

- 7.13 Our approach to whistleblowing enables employees (through the Staff Whistleblowing Policy), Councillors and members of the public to express any concerns they have about illegal or illegitimate practices involving the council. The whistleblower can raise their concerns without fear of victimisation, discrimination or disadvantage.
- 7.14 Employees are encouraged to raise concerns through their immediate line manager or Assistant Director in accordance with the Staff whistleblowing policy. Concerns can be reported by sending an email to [Whistleblowing@reading.gov.uk](mailto:Whistleblowing@reading.gov.uk). Further information on whistleblowing can be found here: [Whistleblowing - Reading Borough Council](#).
- 7.15 The Council's Whistleblowing Policy also seeks to reassure individuals that they will be protected from possible reprisals if they make disclosures in good faith.
- It is the duty of all individuals to report a suspicion of financial irregularity, either via their manager, or by another method identified above. Such disclosures will be treated in accordance with the Whistleblowing Policy.**
- 7.16 Contractors with the Council are also encouraged to raise genuine concerns as part of their contract terms and conditions.
- 7.17 Members of the public are encouraged to report genuine concerns through the designated channels. Examples are dedicated on-line forms, email addresses, and postal mail addressed to the Investigations Team or Chief Auditor. More information can be found on the Council's website (<http://www.reading.gov.uk/fraud>). Members of the public can also report fraud whilst contacting the Council either by phone or in person for other reasons and systems in place to ensure all reports of fraud are recorded and acted on.
- 7.18 The Council also has a Corporate Complaints Policy ([Complaints, comments and compliments - Reading Borough Council](#)) through which complaints can be made on a wide range of subjects. These can reveal suspicions of dishonesty.

## **8. Detection and Investigation of Fraud and Corruption**

- 8.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. The operation of the internal controls in a system may alert employees to potential fraud. However, many frauds are discovered by chance or 'tip off'.

- 8.2 Financial Regulations require Executive Directors to notify the Chief Auditor immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Under the Code of Conduct, employees are expected to report any impropriety or breach of procedure to the appropriate manager. Reporting cases in this way is essential to the Anti-Fraud, Bribery and Corruption Policy and to ensure that:
- all suspected cases of fraud and corruption are investigated properly.
  - the fraud response plan is carried out properly.
  - there is a standard process for dealing with all suspected cases of fraud and corruption; and
  - people and the Council's interests are protected.
- 8.3 The Corporate Investigations Team will consult with Executive Directors to decide on the type and course of investigations. Human Resources staff will also be consulted and involved, where appropriate, in investigations, particularly where they may lead to disciplinary action. This will include referring cases to the Police where necessary. Investigation Officers may also seek informal advice from the Police in the early stages of an investigation. Care will be taken to ensure that internal disciplinary procedures are followed, but do not prejudice any criminal case.

## **9. Sanctions**

- 9.1 When an investigation's findings support the suspicion that fraudulent or corrupt activity has occurred, action will be taken in accordance with the *Fraud Response Plan*, which requires all types of sanctions – disciplinary, civil and criminal – to be considered.
- 9.2 Any disciplinary action against employees will be taken in accordance with the Council's *Employee Disciplinary Rules and Procedures*. For elected Members, sanctions used for breaches of the Members Code of Conduct will be taken in accordance with the *Members Complaints Procedure*.
- 9.3 Where fraud or impropriety has been perpetrated by organisations/ individuals with whom the Council has a contractual relationship, the Council will take action, including where appropriate, terminating the contract, publicising findings and bringing civil recovery proceedings.

## **10. Redress**

- 10.1 The Council will seek to recover any losses fraudulently obtained from it and, where necessary, the costs incurred in doing so.
- 10.2 We will consider all means available to recover these amounts including possession orders, compensation claims, civil litigation, making an application for recovery from an employee's pension fund and general debt recovery.
- 10.3 The Council will also take advice to enable the use of investigatory powers available under the Proceeds of Crime Act and the use of restraint and confiscation orders.
- 10.4 Other forms of redress to recover losses, (such as making a claim against our insurance cover), or to prevent further fraudulent activity by the perpetrator, (such as notifying their professional body); will also be used wherever appropriate.

## **11. Training and Awareness**

- 11.1 The Council recognises that an important aspect of its Anti-Fraud, Bribery and Corruption Policy is the general awareness and responsiveness of employees throughout the Council. To facilitate this, appropriate provision will be made through online fraud awareness training and bribery and corruption training provided by Learning and Development and communications. Training on specific fraud topics will also be provided to those Members and employees most likely to encounter that type of fraud such as procurement, commissioning, collusion and bid rigging.
- 11.2 The investigation of fraud and corruption is carried out in consultation with Services by the Council's Corporate Investigations Team whose skill base in investigative techniques is maintained by appropriate training.
- 11.3 In addition, the Council will seek via appropriate publicity to increase and maintain the general public's awareness of the facilities available to report concerns about fraud and corruption.
- 11.4 **Managers should ensure that staff are adequately trained to carry out their duties and are aware of how to comply with the Council's policies.**

## **12. Review of the Policy and its Effectiveness**

- 12.1 The Council has an array of measures and procedures to assist in combating fraud and corruption. It is determined to keep pace with any future developments in preventative and detection techniques and to be able to respond to any future government incentives for the detection of fraud. The Anti-Fraud, Bribery and Corruption Policy and its effectiveness will be the subject of regular review.

## **Appendix A – Fraud Response Plan**

1. The Council's Financial Regulations require managers to notify the Chief Auditor immediately of all actual or suspected instances of fraud, attempts at bribery and financial irregularities.
2. For staff who suspect or discover fraud, concerns should be immediately reported to the Chief Auditor and/or Corporate Investigations Manager, who will decide what further action is appropriate.
3. The aims and objectives of the Fraud Response Plan are to:
  - Prevent further losses of funds or other assets where fraud has occurred.
  - Minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation.
  - Ensure there is a clear understanding over who will lead any investigation and to ensure managers, HR, Internal Audit are involved as appropriate.
  - Establish and secure evidence necessary and ensure containment of any information for disciplinary, civil and / or criminal action.
  - Maximise recovery of losses.
  - Ensure appropriate and timely action is taken against those who are suspected of fraud.
  - Identify the perpetrators and take appropriate action with any disciplinary, civil and / or criminal action; and
  - Minimise any adverse publicity for the Council.

### **Notifying suspected fraud**

- 3 The Council relies on its employees, its agents and the public to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.
- 4 Council employees and Members must report any concerns they may have regarding fraud, bribery and corruption, whether it relates to dishonest behaviours by council employees, Members or by others.
- 5 The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document. Members, service users, suppliers, partner organisations and members of the public are encouraged to report concerns about fraud and corruption

- 6 Whilst you can remain anonymous, it does help if your details are provided as concerns expressed anonymously are often much more difficult to investigate. For example, we may need to contact you to obtain further information or verify the information supplied.

### **Investigation process**

- 7 Any suspicion of fraud will be treated seriously and will be reviewed in accordance with legislation, local policy and processes.
- 8 Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).
- 9 Where necessary the Council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, His Majesty's Revenue and Customs, UK Borders Agency, NHS Counter Fraud Authority and other Local Authorities.
- 10 Investigations into suspected fraud or corruption will be conducted in a professional manner in accordance with the Police and Criminal Evidence Act 1984 (P.A.C.E.) and local protocols to ensure any actions are carried out both fairly and lawfully.
- 11 If sufficient evidence is established, the case will be reviewed to decide on the appropriate course of action to be taken.

### **Confidentiality**

- 12 Details of any investigation are strictly confidential and will not be discussed with anyone other than the relevant management representatives.
- 13 If the media becomes aware of an investigation and attempts to contact employees or Members, no disclosure of the alleged fraud and investigation can be given. All matters relating to statements to the media will be dealt with through the Council's communications team.

### **Summary**

- 14 This Fraud Response Plan, in conjunction with the Anti-Fraud, Bribery and Corruption Policy, provides a framework for preventing and investigating fraud, corruption and bribery against the Council. It is imperative that awareness of this plan is promoted both across the Council and externally.
- 15 The plan will be reviewed every two years and following any major fraud or changes in legislation.