

Report to Cabinet
14 December 2016
Report of Chief finance officer / Chief Internal Auditor, LGSS
Subject Counter Fraud Policies

Item

8

Purpose

To seek approval of the revised anti fraud and corruption, whistleblowing and anti money laundering policies.

Recommendation

To approve the revised counter fraud policies.

Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”.

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Stonard – Resources and Business Liaison

Contact officers

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Background documents

None

Report

Background

1. Counter fraud policies are part of the council's internal controls, which contribute to maintaining good governance.
2. Management has an ongoing responsibility to prevent and detect fraud. Internal controls, designed to mitigate fraud risk, are built into systems and processes.
3. Internal controls are reviewed for effectiveness as part of the Internal Audit plan, and fraud and error risk is a determinant in prioritising work. The council also has access to counter fraud resources through LGSS.
4. External audit considers potential for fraud and error when assessing financial statement risk. Review of accounting estimates, accounting journals, revenue and expenditure, provides assurance that the financial statements give a true and fair view.
5. Counter fraud policies are published to communicate that the council has a zero tolerance to fraud and corruption, and provide appropriate guidance to support this.
6. The council published counter fraud policies in 2009, and they have been reviewed to ensure they are up to date and reflect good practice.

Review and consultation

7. Guidance and best practice is issued periodically from counter fraud agencies, such as the National Crime Agency, CIPFA, and the Cabinet Office. The council is keen to maintain effective policies, by implementing good practice and controls as they develop.
8. The policies have been reviewed by the LGSS counter fraud team. This ensures that they reflect good practice.
9. The policies have then been consulted upon within the council to ensure that they reflect local need. Consultation to date includes the corporate leadership team, the Corporate Governance Officers Group, the Joint Consultative and Negotiating Committee, legal advice from NP Law, and the Audit Committee. They continue to enable the council to deliver and maintain best practice in its arrangements for managing risk.
10. The reviewed policies are appended to this report. Cabinet is recommended to approve the policies so that final versions can be published and promoted.
11. The policies will be uploaded to the HR Workforce system, and employees will be required to confirm that they have read and understood them. Further details on the policies are explained below:

Anti-fraud and corruption policy

12. This is an overarching policy which communicates the commitment of the council to prevent and eradicate fraud and error. It provides a clear framework for the council to investigate suspected fraud thoroughly, to prosecute wherever the evidence supports such action, and seek recovery of defrauded monies through all possible legal means.
13. It reflects good practice and legislation, specifically the Fraud Act 2006 and the Bribery Act 2010. It explains culture, roles, deterrence, detection and investigation, and awareness and training.

Whistleblowing policy

14. The council has established a whistle-blowing policy which provides a procedure, in accordance with the Public Interest Disclosure Act 1998, to anyone that wishes to report allegations or concerns about the council, its councillors, services or service providers.
15. This details the options for reporting concerns internally and externally for all stakeholders, i.e. members of the public, employees, councillors, contractors and agency staff.
16. It is important that employees and contractors are aware of this policy, and promotional material will also be used to raise awareness.

Anti-money laundering policy

17. This is a new policy. It reflects the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. The policy applies to all employees and contractors of the council. The policy sets out the procedures which all officers must follow where they suspect or know that a transaction involves money laundering.
18. Money laundering is how criminally obtained money is exchanged for money or assets so there is no obvious link to their criminal origins.
19. A risk assessment will be completed later in the year. It is not perceived that there is a significant risk of money laundering, however it is good practice to review our risk profile periodically.
20. Legislation states where organisations have to comply with money laundering regulations. Such examples include accountancy practices and solicitors. While a public authority isn't specifically covered by the regulations, it may be a vulnerable target and, it is expected to follow the regulations as good practice and to report any concerns. Therefore a policy is adopted, so that there is a framework to follow in such an event.

Conclusion

21. Three policies have been updated in line with good practice. They have been consulted on with various internal parties.
22. The Anti-Fraud and Corruption Policy sets out the council's approach to managing the risk of fraud and error.
23. The Whistleblowing Policy provides a framework for reporting concerns safely.
24. The Anti-Money Laundering Policy provides a framework for responding to and reporting concerns.
25. The review of policies is completed to help embed effective standards for countering fraud and corruption. This supports good governance and demonstrates effective financial stewardship and strong public financial management.
26. As anti-fraud and corruption is part of the governance framework, it is appropriate that the audit committee is responsible for reviewing policies in this area prior to their final approval by cabinet. The audit committee considered and approved the updated policies at its meeting on 22 November 2016.

Recommendation

27. Cabinet is recommended to approve the revised counter fraud policies for adoption by the council.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	14 December 2016
Head of service:	Chief finance officer
Report subject:	Counter fraud policies
Date assessed:	23 November 2016
Description:	This report updates the Council's counter fraud policy, whistleblowing policy and anti-money laundering policy.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Proactive counter fraud work helps to reduce the impact of fraud and error. Detective counter fraud work helps to recover income and revenue. Counter fraud work helps to minimise extra costs that may arise from unexpected events
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report provides assurance that policies are up to date, and provides a foundation of education and training for employees. This should help to reduce the risk of fraud and error throughout the Council. In practice, this will have a positive impact on many of the above categories by contributing to the identification and mitigation of risks and the meeting of objectives
Recommendations from impact assessment				
Positive				
Promotion and adoption of up to date counter fraud policies should help the Council prevent and respond to incidents of fraud and error. This, in turn, will contribute to the achievement of corporate and service objectives.				
Negative				
Neutral				
Issues				



NORWICH
City Council

Anti-fraud and corruption policy

November 2016

Version control

This table documents the formal consultation process required to adopt the policy.
This will be deleted from final version.

Number	Date	Activity / Summary of changes
0.3	16/09/16	Update following Corporate Leadership Team consultation
0.4	22/09/16	Presentation review
0.5	23/09/16	Update following Corporate Governance Group consultation
0.6	30/09/16	Update following JCNC consultation
0.7	26/10/16	Update following nplaw consultation
0.8	22/11/16	Update following Audit Committee consultation
0.9	14/12/16	Update following Cabinet consultation
1.0		Final version

Foreword

Norwich City Council is committed to the highest standards of financial probity and takes its duty to protect the public funds it administers very seriously.

This is Norwich City Council's Anti-Fraud Policy. It provides a clear framework for the Council to investigate suspected fraud thoroughly, to prosecute wherever the evidence supports such action and seek recovery of defrauded monies through all possible legal means. This policy also applies to the Bribery Act 2010.

The Council administers significant public funds and is sometimes targeted by persons wishing to defraud the public purse. This policy, and the structures maintained by the Council, demonstrates that we will make every effort to identify attempts to defraud the public purse and will robustly pursue individuals responsible.

The Council, through this policy, has adopted a zero tolerance towards fraud including:

- the referral of matters to the police for investigation wherever appropriate and the full recovery of fraudulently obtained public funds by all legal means.
- the prosecution of persons responsible for defrauding the council including prosecution through civil and criminal courts in the council's own name or through the police
- the termination of contracts with partners and contractors
- the dismissal of employees proven to have defrauded or who have attempted to defraud the council, including where an employee is complicit with another person's attempts to defraud the council.

The Council requires all partners and contractors to assist in this role and cooperate with any fraud investigation undertaken by authorised Council officers.

Councillor Ben Price
Audit committee chair

Laura McGillivray
Chief executive

1 INTRODUCTION

- 1.1 The authority aims to provide community leadership and quality services.
- 1.2 In carrying out its functions and responsibilities, the authority has always adopted a culture of openness and fairness and has expected that elected members and employees at all levels will adopt the highest standards of propriety and accountability. This has been achieved by leading by example and by an understanding of and adherence to rules, procedures and agreed practices. These standards are also expected from organisations that have dealings with the authority (eg suppliers/contractors).
- 1.3 However, in light of the Nolan Report, several well-publicised fraud and corruption cases within local government and the Local Government Act 2000, the authority has formalised these accepted standards and practices and developed an anti-fraud and corruption policy.
- 1.4 The authority demonstrates clearly (through this policy) that it is firmly committed to dealing with fraud and corruption and no distinction will be made for perpetrators inside (members/governors and employees) or outside the authority. In addition, there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.
- 1.5 This policy document embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such an act occurs. For ease of understanding, it is separated into the following sections:
- Culture Section 2
 - Prevention Section 3
 - Deterrence Section 4
 - Detection and investigation Section 5
 - Awareness and training Section 6
- 1.6 The authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as its external auditors, inspection bodies, the Local Government Ombudsman, HM Revenue & Customs. These bodies are important in highlighting any areas where improvements can be made.
- 1.7 Fraud and corruption were defined by the Audit Commission as:
- FRAUD – “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.*
- In addition, fraud can also be defined as:
- “The use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.”*
- 1.8 Bribery and corruption
- A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity.*

- 1.9 The Bribery Act is now in force and places responsibilities and powers on organisations such as local authorities.
- 1.10 There are 4 key sections of the Act which need to be considered for the purposes of this document, which are:
- Section 1, which deals with bribing another person by money, payment in kind, or goods and services.
 - Section 2, the act of being bribed. This relates to individual officers and could lead to prosecution of senior managers.
 - Section 6, bribery of foreign officials.
 - Section 7, failure of a commercial organisation to prevent bribery.
- 1.11 For this section a “relevant commercial organisation” means an entity that carries on a business and current indications are that this includes local authorities. This section also includes persons associated with the organisation, such as agency workers, suppliers and contractors.
- 1.12 Under the legislation an organisation has a defence if it can show that it has adequate bribery prevention procedures in place, which are informed by the following 6 principles:
- Proportionality – the action an organisation takes should be proportionate to the risks it faces and the size of the business.
 - Top level commitment – a culture needs to be evident in which bribery is never acceptable. This can be shown via leadership statements, training and procurement expectations.
 - Risk assessment – to include proportionate risk management perhaps via training, newsletters, procurement controls and inclusion within organisational policies such as this one.
 - Due diligence – i.e. knowing who the organisation is dealing with.
 - Communication – communicating policies and procedures by training and general awareness including how occurrences should be investigated and by whom.
 - Monitoring and review – to ensure policies, training and awareness are relevant and updated and by nominating a responsible officer.
- 1.13 Defence against bribery charges under the act, therefore, should be considered adequate if the organisation has the following in place:
- Risk awareness and preparation
 - Adequate communication and senior management buy-in
 - A zero-tolerance culture
 - Adequate education and training
 - An audit trail and integration with counter fraud processes
 - The penalties for individuals under this legislation can, on conviction on indictment, be as high as a prison term of 10 years, or a fine or both. Although under section 7 a guilty person is only liable to a fine. The organisational consequences may include disbarment from contract tenders, reputational and financial risk exposure and adverse publicity.
- 1.14 Additionally other risk areas which need to be considered include:

- Facilitation payments – ie payments designed to make things happen but do not secure agreement.
- Gifts and hospitality – genuine low level hospitality is deemed acceptable but it is imperative that corporate registers are kept up to date and all employees must make declarations of interest.

1.15 In addition, this policy covers “the failure to disclose an interest in order to gain financial or other pecuniary gain.”

2 CULTURE

- 2.1 The culture of the authority has always been one of the highest ethical standards, probity, openness and the core values of fairness, trust and value support this. The authority’s culture therefore supports the opposition to fraud and corruption.
- 2.2 The prevention/detection of fraud/corruption and the protection of the public purse are everyone’s responsibility and of paramount importance to the authority.
- 2.3 The authority’s elected members, and all employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence. To that effect the council has adopted a whistleblowing policy.
- 2.4 The definitions of fraud and corruption are by their nature technical and have their basis in the Fraud Act which became law on 15th January 2007. A more practical definition is where the council’s assets, including money, are dishonestly obtained by someone not entitled to them. Examples include :
- theft of cash or assets,
 - obtaining access to services not entitled to eg obtaining a council house
 - falsifying information or documentation eg timesheets, overtime, expenses, qualifications etc
 - dishonesty between officers and management
 - the deliberate concealment of information required by the council eg convictions or activities inconsistent with the council’s duties and responsibilities.
 - defrauding welfare payments such as housing benefit and council tax reduction and council tax single person discounts etc.
- 2.5 The authority will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions.
- 2.6 The authority will deal firmly with those who defraud the authority, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.
- 2.7 When fraud or corruption have occurred because of a breakdown in the authority’s systems or procedures, corporate leadership team (CLT) will ensure

that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

- 2.8 In certain circumstances and where appropriate a commercial settlement between the council and an employee may be deemed necessary as a way of disposing of a case. This should only be undertaken following agreement by the chief executive and monitoring officer and following an independent review by NP Law.

3 ROLES

Role	Description
Elected members	<p>As elected representatives, all members of the authority have a duty to citizens to protect the authority from all forms of abuse. This is done through this anti-fraud and corruption policy and compliance with the national code of conduct for members, the authority's financial procedures, constitution and the relevant legislation.</p> <p>Elected members sign to the effect that they have read and understood the national code of conduct when they take office. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. Members will be advised of new legislative or procedural requirements.</p> <p>Members are required to apply the principles of good governance regarding their own affairs and when acting for the council including declare pecuniary or non-pecuniary interests, potential for a conflict of interest and record the receipt of all gifts and hospitality. Members must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Norwich City Council.</p>
Audit committee	<p>The audit committee and its members have specific responsibility re: the oversight of the council's governance arrangements in respect of the adequacy of control systems to prevent and detect fraud but also the assurance that processes work effectively for individual cases.</p> <p>The audit committee considers periodic reports from internal audit on suspected and proven frauds and monitors those systems of control applicable to that area, making recommendation to council where such protection requires improvement.</p>

Role	Description
Corporate leadership team (CLT)	<p>CLT is responsible for the communication and implementation of this policy in their work areas. They are also responsible for ensuring that their employees are aware of the financial procedures and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>CLT has responsibility to ensure that effective systems of control are in place corporately and within their service to both prevent and detect fraud and that those systems operate properly.</p> <p>CLT is required to submit an annual self-assessment of those processes for inclusion within the council's annual governance statement.</p> <p>CLT must provide leadership by example in demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Norwich City Council. CLT is expected to strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities.</p>

Role	Description
Managers	<p>Managers at all levels are responsible for the communication and implementation of this policy in their work area. They are also responsible for ensuring that their employees are aware of the financial procedures Rules and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Managers of all levels must provide leadership by example is demonstrating the highest standards of probity and conduct so as to create the right anti-fraud culture throughout Norwich City Council.</p> <p>Managers of all levels are expected to strive to create an environment in which their employees feel able to approach them with any concerns they may have about suspected irregularities.</p> <p>Managers must ensure that special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll, the benefits system or council tax.</p> <p>Managers must ensure that relevant training is provided for employees. Checks must be carried out at least annually to ensure that proper procedures are being followed in order to inform the service annual self-assessment.</p> <p>The authority recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.</p> <p>The authority's formal recruitment procedures (which contain appropriate safeguards on matters such as written references, verifying qualifications held and DBS checks undertaken on employees working with children and vulnerable adults) will be adhered to during this process.</p> <p>Management investigations into disciplinary matters must liaise with the Chief Internal Auditor (CIA) regarding any potential fraud implications of the conduct / investigation.</p>

Role	Description
Internal audit	<p>The CIA, in consultation with the Chief Finance Officer shall determine whether a concern / suspicion regarding fraud requires investigation by the internal audit as opposed to management. Internal audit and risk services play a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. Internal audit liaise with management to recommend changes in procedures to prevent further losses to the authority.</p> <p>The internal audit and risk service shall report to CLT and the audit committee regarding the application of the zero tolerance statement within this policy. Furthermore, internal audit shall investigate all cases of suspected irregularity in accordance with the requirements of the Police and Criminal Evidence Act 1984, Human Rights Act 1998, Fraud Act 2006, Bribery Act 2010 and other relevant legislation.</p> <p>In all corporate related cases where employees are involved, they will work with HR and appropriate senior management to ensure that correct procedures are followed and adherence to this policy.</p>

Role	Description
Employees	<p>Each employee is governed in their work by the authority's constitution and financial regulations and other codes of conduct and policies, such as health and safety, IT strategy, IT security. Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are issued to all employees when they join the authority or will be provided by their manager, plus available on intranet / mandatory e-learning.</p> <p>In addition to the above, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the authority. These will be included in induction training and procedure manuals.</p> <p>Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management. Concerns should be raised, in the first instance, directly with the supervisor/business unit manager. If the employee feels that they cannot discuss their concerns directly with their line management they should refer to the council's whistleblowing policy which gives details of independent persons they can discuss their concerns.</p> <p>All employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of service. Internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.</p>
External audit	<p>Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test, amongst other things, the adequacy of the authority's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern.</p> <p>External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.</p> <p>The external auditor has a responsibility to review the authority's arrangements to prevent and detect fraud and irregularity, and arrangements designed to limit the opportunity for corrupt practices.</p>

Role	Description
External bodies	Internal audit has arranged and will keep under review procedures and arrangements to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to local authorities with external agencies such as: police, county, unitary and district council groups, external audit service, Department of Works and Pensions and other government departments.
Contractors and partners	<p>Contractors and partners have a responsibility for the communication and implementation of this policy within their organisation. They are also responsible for ensuring that their employees are aware of the council's financial procedures, whistleblowing and other policies, and that the requirements of each are being met in their everyday business activities.</p> <p>Contractors and partners are expected to create an environment in which their employees feel able to approach them, or the council directly, with any concerns they may have about suspected irregularities. Where they are unsure of the procedures, they must refer to the relevant head of service for that area or may approach the CIA directly on any whistleblowing issue.</p>
Stakeholders and customers	Whilst this policy is primarily aimed at implementing the necessary culture and processes within the council its stakeholders and customers may become aware of issues that they feel may indicate fraud. They should refer to the council's whistleblowing policy or they can contact the CIA to discuss their concerns directly.

4 DETERRENCE

Prosecution

- 4.1 The corporate policy will encompass the public, elected members and employees. It is designed to clarify the authority's action in specific cases and to deter others from committing offences against the authority. However, it also recognises that it may not always be in the public interest to refer cases for criminal proceedings. Each case will be considered on its merits.

Disciplinary Action

- 4.2 Theft, fraud and bribery and corruption are serious offences against the authority and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken, if appropriate, in addition to criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner, after consultation with the relevant executive head of service and if appropriate the head of HR and learning.
- 4.3 Disciplinary action will be undertaken in accordance with the council's disciplinary policy and procedure with each case considered on its merits.
- 4.4 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud or corruption against the authority. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. Matters, if not referred to the police, will be referred to the standards committee or appropriate group leader.
- 4.5 Members or employees involved in fraud, theft or corruption that does not involve the council or its finances may still be subject to the above action if it is considered to undermine the council and its reputation.

Publicity

- 4.6 The council recognises the key role publicity of fraud cases pursued plays in deterring other attempts to defraud the council. To that effect a publicity policy is attached at annex A of this policy which sets out these measures in detail.
- 4.7 The authority's communications team will optimise the publicity opportunities associated with anti-fraud and corruption activity within the authority. The communications team will also try to ensure that the results of any action taken, including prosecutions, are reported in the media. They will maintain close working relationships with all areas involved in anti fraud work but particularly Nplaw and internal audit.
- 4.8 In all cases where financial loss to the authority has occurred, the authority will seek to recover the loss and advertise this fact.
- 4.9 All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make the employees and the public aware of the authority's commitment to taking action on fraud and corruption when it occurs.

- 4.10 Regular reports will be made to the audit and standards committees about countering fraud and corruption activities and their success.

5 DETECTION AND INVESTIGATION

- 5.1 All employees, members and any other stakeholder in council services have a vital role in identifying potential fraud or corruption. It is not the responsibility of those groups to investigate their suspicions as this may undermine a case to be pursued but all parties play a key role in bringing such concerns to the council's attention for a proper and thorough investigation to be undertaken.
- 5.2 Management are in the best position to become aware of any problems that could indicate fraud or theft etc. Management are also best placed to ensure that systems of internal control are in place and operating and thus are ideally placed to identify weaknesses or failures that may be exploited. Internal audit can provide advice and assistance in this area.
- 5.3 Employees are also ideally placed to detect fraud, theft or corruption. Employees are encouraged to discuss concerns with their line manager but the whistleblowing policy also provides mechanisms to raise concerns corporately.
- 5.4 The whistleblowing policy provides a process to enable the council to demonstrate :
- proper investigations for all referrals
 - proper action taken in relation to findings from investigations
 - feedback is provided to anyone making a referral
 - appropriate protection for anyone making or having made a referral.
- 5.5 Internal audit plays an important role in the detection of fraud and corruption. Included in their annual plan are reviews of system financial controls and specific fraud and corruption tests, spot checks and unannounced visits. internal audit operates in accordance with best practice including the adoption of a formal audit manual in line with CIPFA best practice. This includes suitable processes to provide assurance to management on the adequacy of systems of internal control including the completion of follow ups for previous recommendations.
- 5.6 In addition to internal audit, there are numerous systems controls in place to deter fraud and corruption, but it is often the vigilance of employees and members of the public that aids detection.
- 5.7 In some cases frauds are discovered by chance or 'tip-off' and arrangements are in place to enable such information to be properly dealt with, in accordance with the requirements of the Human Rights Act 1998.
- 5.8 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern was raised or by the originator. This is essential to the policy, and:
- ensures the consistent treatment of information regarding fraud and corruption
 - facilitates a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the Human Rights Act 1998.
- 5.9 This process will apply to all the following areas:

- a) fraud/corruption by elected members
 - b) internal fraud/corruption
 - c) other fraud/corruption by authority employees
 - d) fraud by contractors' employees
 - e) external fraud (the public).
- 5.10 Cases may be referred to the council's external auditor and the executive head of business relationship management and democracy for consideration of action via the police or the standards committee.
- 5.11 In accordance with basic legal concepts any person who witnesses or discovers a criminal act has the right to refer concerns directly to the police.
- 5.12 Any decision to refer a matter to the police will be taken by the CIA in consultation with the head of HR and learning and/or chief executive and relevant executive head of service. The authority will normally wish the police to be made aware of, and investigate independently, offenders where financial impropriety is discovered.
- 5.13 Depending on the nature of an allegation under b) to e), the CIA will normally work closely with the executive head of service concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 5.14 The authority's disciplinary procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The processes as outlined in paragraph 4.4 will cover members.

6 AWARENESS AND TRAINING

- 6.1 The authority recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of programmed training and an awareness of elected members and employees throughout the authority.
- 6.2 To facilitate this in the past, positive and appropriate provision had been made via induction and for employees via their development plans. However, for the future it is intended that a programme of anti-fraud awareness training in the form of workshops possibly incorporating interactive means, will be rolled out across the council. There will still be specialist training for certain elected members and employees.
- 6.3 Key to effective awareness and deterrent is a formal and comprehensive system of feedback to provide outcome information to the person who originally referred concerns. Whilst confidentiality must be respected, including the Data Protection Act and Human Rights Act provisions, every referral should be concluded and the outcome communicated to the person making the original referral.
- 6.4 Anti-fraud services should also maintain management information to show:
- how frauds are identified
 - which type of frauds were affected
 - any patterns or themes detected
 - new fraud issues highlighted
 - prevention measures

- how frauds have been quantified (see annex B).

7 CONCLUSION

- 7.1 The authority has always prided itself on setting and maintaining high standards and a culture of openness, with core values of fairness, trust and value. This policy fully supports the authority's desire to maintain an honest authority, free from fraud and corruption.
- 7.2 The authority has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in techniques to both prevent and detect fraudulent or corrupt activity that may affect its operation.
- 7.3 The authority will maintain a continuous review of all these systems and procedures through audit and risk services.
- 7.4 This policy will be reviewed annually.

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ANNEX A - Publicity

1 Introduction

- 1.1 Norwich City Council has adopted this policy as a key policy to address anti fraud and corruption issues in conjunction with welfare reform messages and enhancing public confidence in the council's administration of taxpayers' money.
- 1.2 The anti-fraud policy and particularly this publicity section aim to :
 - make clear the connection between saving public monies and the fraud work that achieves this.
 - dispel the belief held in some quarters that fraud is a victimless crime
 - demonstrate consistent action is taken for both complex frauds and the perceived lower level frauds
 - ensure that tough action taken against persons who commit fraud is utilised as an effective deterrent to others
 - alter perceptions of this area of work to move for an image of petty bureaucracy or snoopers to one of professional public funds watchdog.
 - ensuring that action taken is consistent with NCC policies and legislative provisions as well as being in the public interest
- 1.3 This policy covers the methods by which the work of the anti-fraud services within NCC will be promoted including the publicity associated with specific cases.

2 Publicity categories

- 2.1 Publicity takes many forms including leaflets, posters, press releases / articles, advertisements, intranet or internet media
- 2.2 It is imperative that all available forms are maximised to promote an Anti Fraud Culture throughout the organisation and to the public. However great care is needed to ensure that publicity in relation to anti fraud work is positive and does not undermine the service or reinforce the negative perceptions of this area of work.
- 2.3 Thus publicity needs to focus on 3 key areas :
 - Proactive work of anti-fraud services
 - Specific cases pursued by anti-fraud services, e.g. specific prosecutions / convictions sought
 - Reactive responses to media enquiries.

3 Proactive publicity

- 3.1 This area of work is essential to promote the work of the services and ensure that others are aware of this work and thus deterred from attempting fraud. The aim of this publicity is to increase the profile of anti-fraud work across Norwich City Council and the wider community in order to promote the referral processes and deter fraud.
- 3.2 An internet / intranet site shall be maintained which sets out details as to how to contact the internal audit Investigators and how to report fraud. The site will also provide links to relevant policies.
- 3.3 Any leaflets and posters used for fraud awareness purposes shall be reviewed annually to reflect any necessary changes.
- 3.4 It is intended that fraud awareness training shall be part of the council's corporate training / induction system.
- 3.5 In addition to the above the work of anti-fraud services shall be promoted periodically both within the Council and to the general community.
- 3.6 For high profile cases prosecuted the publicity shall consider whether the work of anti-fraud services shall be promoted eg volumes of cases referred, investigated, prosecuted, convicted etc.

4 Specific cases

- 4.1 Great care must be taken when publicising any specific case of fraud, theft or corruption. Data Protection Act and Human Rights Act provisions are key legal protections provided to those suspected of committing such offences and must not be breached by the Council's attempts to promote anti fraud work.
- 4.2 However the publicity attached to any specific case is a necessary element of promoting the deterrent effect of anti fraud work as it demonstrates actual instances and consequences to individuals.
- 4.3 Any decision that the council should prosecute an individual, individuals or organisation must be taken following a formal quality assurance procedure.
- 4.4 Any decision to pursue prosecution will be taken on the basis of professional advice, the merits of the case itself and any applicable guidelines relevant.
- 4.5 All prosecutions should include a consideration of publicity issues and ensure that the council's communications team are involved / aware of the issue so that the council can adopt a proactive publicity strategy and avoid the need to react to press enquiries.
- 4.6 A specific decision will be taken and recorded by the head of service to issue a press release for any specific case. In all other cases a press statement / position shall be prepared to address any potential press enquiry.
- 4.7 Press releases shall be prepared that promote the council's anti-fraud policy and maximise the deterrent effect of prosecutions.

5 Reactive responses to media enquiries

- 5.1 Ideally the above measures aim to minimise the need for this where the council proactively provides relevant information to promote anti-fraud through local, and possibly national, media.
- 5.2 Press queries will arise on some occasions and it is essential that they are responded to in such a way as to promote the anti-fraud policy of the council.
- 5.3 Responses to press queries regarding specific individuals must not breach data protection or human rights legislation.

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ANNEX B - Criteria for quantifying fraud

1 Financial cost

- Proven criminal losses
- Civil losses proven on probability
- Estimated losses not evidenced (in the opinion of the chief internal auditor)
- Costs of investigation etc.

2 Service implications

- Implications to wider service delivery
- Implications to customers
- Implications to council partners

3 Organisational implications

- Anti-fraud culture
- Corporate governance issues eg policy / control failures

4 Reputational risks

- Trust of the public
- Trust of stakeholders
- Trust of customers



NORWICH
City Council

Whistleblowing Policy

The council wants you to be confident that your concerns will be taken seriously and that you will be protected from victimisation or bullying or harassment if you raise a concern.

If you have a concern about the council's services please read this policy. We can give confidential advice about concerns you may have regarding the council and its services.

We encourage people to raise their concerns under this procedure in the first instance. If you are not sure whether to raise a concern, you can discuss the issue and/or policy with:

Duncan Wilkinson, chief internal auditor (LGSS), on 07946 877510 or email duncan.wilkinson@milton-keynes.gov.uk

Or

Jonathan Tully, principal audit manager on 01603 212575 or email jonathantully@norwich.gov.uk

Or

Dawn Bradshaw, head of HR and learning on 01603 212434 or email dawnbradshaw@norwich.gov.uk

Or

Emailing concerns to the whistleblowing hotline reportfraud@lgss.co.uk

Or

Public Concern At Work on 0207 404 6609 or helpline@pcaw.co.uk

PCAW are an independent charity and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline is where their lawyers provide confidential advice free of charge.

All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person highlighting the concern.

Version control

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1 Introduction

- 1.1 This policy seeks to provide a process that gives anyone with a concern about the council the confidence to bring that concern to our attention.
- 1.2 Norwich City Council operates within legal requirements and regulations and expects its employees to co-operate in this by adhering to all laws, regulations, policies and procedures. Any employee becoming aware of inappropriate conduct is obliged and encouraged to report this activity. This policy also applies to other individuals performing functions in relation to the council such as contractors, consultants, partners and agency workers and other stakeholders including councillors.
- 1.3 Employees are often the first to realise that there may be something seriously wrong within the council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the council. Councillors, customers and stakeholders are also in a position to identify concerns that affect council services and need to be addressed.
- 1.4 The law provides protection for workers who raise legitimate concerns about specified matters. These are called 'qualifying disclosures'. A qualifying disclosure is one made in the public interest by a worker who has a reasonable belief that the following is being committed or is likely to be committed:
 - a criminal offence
 - a miscarriage of justice
 - an act creating risk to health and safety
 - an act causing damage to the environment
 - a breach of any other legal obligation
 - concealment of any of the above
- 1.5 It is not necessary for the worker to have proof that such an act has been, or is likely to be committed – a reasonable belief is sufficient. The worker has no responsibility for investigating the matter
- 1.6 Individuals with a concern may fear that they will be victimised or harassed if they raise the concern. In these circumstances it may feel easier to ignore the concern rather than report what may be a suspicion of malpractice. A worker who makes a protected disclosure has the right not to be dismissed, subjected to any other detriment, or victimised, because they have made a disclosure.
- 1.7 The council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the council encourages employees, customers, contractors, employees of subsidiaries, stakeholders or any other person with serious concerns about any aspect of the council's work to come forward and voice those concerns.
- 1.8 It is recognised that certain cases will have to proceed on a confidential

basis but in accordance with the Freedom of Information Act this policy seeks to provide a transparent method for dealing with concerns. whistleblowers can have confidence through this policy that they have the fullest protections afforded by the Public Interest Disclosures Act.

- 1.9 Specifically this policy makes it clear that employees and others can make reports without fear of reprisals and sets out what protections are in place under this policy. It is intended to encourage and enable concerns to be raised within the council so that they can be addressed, rather than overlooking problems or raising them outside the council.
- 1.10 All officers, councillors and partners have a responsibility to protect the council's interests through the proper adherence to this policy.
- 1.11 The Council is committed to maintaining high ethical standards and taking your concerns seriously.

Councillor Ben Price
Audit committee chair

Laura McGillivray
Chief executive

Kevin O'Grady
Unison Branch Secretary

2 Aims and scope of this policy

2.1 This policy aims to:

- encourage and enable any person to feel confident in raising serious concerns and to question and act upon concerns
- provide avenues for any person to raise concerns and receive feedback on any action taken
- ensure everyone making a referral receives a response to their concerns
- describe how to take the matter further if dissatisfied with the council's response
- reassure anyone making a referral that they will be protected from reprisals or victimisation.

2.2 For the avoidance of doubt if you have concerns that any person may be being mistreated / abused you can discuss your concerns in confidence with your manager or those listed on the front cover of this policy.

2.3 There are existing procedures in place to enable employees to lodge a grievance relating to their own employment, customers to complain about the service they receive, and report if councillors have breached the Member Code of Conduct. This policy should not be used for such concerns, however, advice can be obtained from the contacts on the front cover of this policy if you have any doubts.

2.4 The whistleblowing policy is intended to cover concerns that fall outside the scope of the above procedures. A concern may be about:

- sexual, physical or emotional abuse of clients or other individuals
- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as employees
- damage to the environment
- unauthorised use of public funds
- action that is contrary to the council's financial procedures or contract regulations
- possible fraud, corruption or financial irregularity
- action that is against the council's financial regulations and policies
- practice that falls below established standards or practice
- other improper or unethical conduct.

2.5 The concern may be something that makes a person feel uncomfortable in terms of known standards, their experience or the standards to which they believe the council subscribes. If in doubt please contact either a

named contact on the front cover of this policy or Public Concern at Work to have a confidential discussion.

- 2.6 This policy applies to all employees, councillors, contractors, consultants, and agency workers and other stakeholders who are acting on behalf of, or in partnership with, the council.
- 2.7 Any disclosure of information that, in the reasonable belief of the worker, is made in the public interest, shall be deemed a qualifying disclosure.
- 2.8 This policy incorporates the provisions that are required from the Public Interest Disclosure Act 1998.

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3 How to raise a concern

- 3.1 When an individual wishes to raise a concern, he or she will need to identify the issues carefully. They must be clear about the standards against which they are judging practice. Whilst not exhaustive they should consider the following:
- Is it illegal?
 - Does it contravene professional codes of practice?
 - Is it against government guidelines?
 - Is it against the Council's guidelines?
 - Is it about one individual's behaviour or is it about general working practices?
 - Does it contradict what the employee has been taught?
 - Has the individual witnessed the incident?
 - Did anyone else witness the incident at the same time?
- 3.2 Concerns from employees should normally be raised with their immediate manager. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern with their contact within the council, usually the person to whom they directly report.
- 3.3 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If a person feels they cannot raise their concern with their immediate manager they are able to go directly to the chief internal auditor (see paragraph 3.12). They may also do so if, having raised a concern with the immediate manager/contact, they feel there has not been an appropriate response.
- 3.4 Others wishing to raise a concern should consider using the council's [complaints procedures](#) by emailing listening@norwich.gov.uk. Alternative details for raising concerns can be found on the council's website (https://www.norwich.gov.uk/info/20210/other_ways_to_contact_us) or by ringing 0344 980 3333.
- 3.5 Given the possible contractual issues annex A of this policy gives specific guidance to contractors and partners of the council in raising such concerns.
- 3.6 Concerns may be raised verbally or in writing. Anyone who wishes to make a written report should give the background and history of the concern, giving relevant dates if possible, and the reason why they are particularly concerned about the situation.
- 3.7 If the individual wishes, they may ask for a private meeting with the person to whom they wish to make the complaint and can be accompanied if they wish. An employee may invite someone, such as their trade union or a work colleague, to be present during any meetings or interviews in connection with the concerns they have raised.

- 3.8 When making a complaint verbally, the individual should write down any relevant information and date it. They should keep copies of all correspondence and relevant information.
- 3.9 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
- 3.10 The individual should ask the person to whom they are making the complaint what the next steps will be and if anything more is expected from them.
- 3.11 Although a person is not expected to prove the truth of an allegation that is made, it will be necessary to demonstrate that there are sufficient grounds for concern. It is not necessary for any person to undertake investigations into their concern prior to contacting the council as this may undermine any ultimate action needing to be taken.
- 3.12 Advice and guidance on how specific matters of concern may be pursued can be obtained from the council's internal audit service. The officer nominated to lead on whistleblowing is the chief internal auditor of LGSS who can be contacted by phone on 07946 877510 or email Duncan.wilkinson@milton-keynes.gov.uk.
- 3.13 Alternatively employees may wish to get confidential advice from their trade union or professional association
- 3.14 Employees may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of them who have had the same experience or concerns.
- 3.15 Where a person feels that they cannot approach anyone in the council, they may wish to report their concerns through the external independent reporting scheme called Public Concern At Work. PCAW are an independent charity providing a legal advice service designated by the Bar Council and information provided to PCAW is protected under the Public Interest Disclosures Act. Their lawyers provide confidential advice free of charge and their contact details are:
- Telephone number: 0207 404 6609.
 - Email: helpline@pcaw.co.uk
 - Website: www.pcaw.co.uk

4 Supporting the individual to raise a concern

Harassment or victimisation

- 4.1 The council recognises that the decision to raise a concern can be difficult, not least because of the fear of reprisals.
- 4.2 The council will not tolerate harassment or victimisation and will take action to protect individuals who raise concerns. This does not mean that if the individual raising the concern is the subject of informal or formal procedures, that those procedures will be halted as a result of raising a concern under this policy.
- 4.3 Officers should not release information which identifies whistleblowers without their permission, unless there is a requirement to do so (e.g. a court order).
- 4.4 Any person applying pressure upon such officers to identify whistleblowers shall be subject to the same provisions as outlined in 4.6 below.
- 4.5 Where a whistleblower alleges they are / have been victimised / harassed as a result of raising a concern that matter shall be referred to an appropriate officer to deal with and investigate. Appropriate officers will include the s151 officer (chief finance officer), monitoring officer, head of HR and learning. Where the investigations may identify the whistleblower, either indirectly or directly, the way forward shall be discussed with the whistleblower and any resultant action confidentially reported to the chair of the audit committee where appropriate.
- 4.6 Each case will be considered on its merits. If anyone is found to have victimised or harassed someone, who has made a referral under this policy, it would normally be considered:
 - a matter of gross misconduct if carried out by an employee of the council
 - a matter for the council to consider termination of a contract, if it is carried out by or at the request of a contractor. If there are concerns that a contractor is victimising, or has victimised, a whistleblower an independent review may be requested.
 - a matter that would be referred to the standards committee, if it relates to member conduct
 - a matter that could affect service provision, if it relates to a customer.

Confidentiality

- 4.7 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person highlighting the concern if that is the wish of the individual.
- 4.8 Individuals are encouraged to put their name to any allegation. The council will do its best to protect the individual's identity when they do not want their name disclosed. It must be appreciated that the

investigation process may reveal the source of the information and a statement by the individual raising the concern may be required as part of the evidence.

Anonymity

4.9 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the council. In exercising this discretion, the factors to be taken into account would include:

- seriousness of the issue
- credibility of the concern
- likelihood of being able to obtain the necessary information.

Untrue allegations

4.10 Any individual who makes an allegation which is not subsequently confirmed by the investigation, will have no action taken against them and will continue to have protection under this policy from victimisation or harassment.

4.11 If, however, an individual makes malicious or vexatious allegations, action may be taken against them. Maliciously making a false allegation is a disciplinary offence.

5 How the council will respond

- 5.1 The action taken by the council will depend on the nature of the concern. Where appropriate, the matters raised may:
- be investigated by management, internal audit, or other appropriate person
 - be referred to the external auditor
 - be referred to the police
 - form the subject of an independent inquiry.
- 5.2 In order to protect individuals and the council, an initial investigation will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. Concerns or allegations, which fall within the scope of specific procedures, for example, safeguarding or discrimination issues, will normally be referred for consideration under those procedures.
- 5.3 It should be noted that some concerns may be resolved by agreed action without the need for investigation. Equally some issues may be investigated without the need for initial enquiries. If urgent action were required, this would be taken before any investigation is conducted.
- 5.4 The council will write to the person raising the concern within seven working days (i.e. the individual or representative with whom the report was lodged) to:
- acknowledge that the concern has been received
 - indicate how it proposes to deal with the matter
 - give an indication of when a final response or update will be provided
 - inform the person whether any initial enquiries have been made
 - supply the person with information on employee support mechanisms, and
 - inform the person whether further investigations will take place and, if not, why not.
- 5.5 Every effort will be made to resolve the matters raised as soon as possible, in the interests of the council, the person raising the concern and the person(s) being investigated.
- 5.6 The amount of contact between the officers considering the issues and the person raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.
- 5.7 Where any meeting is arranged, employees have the right, if they so wish, to be accompanied by someone, such as a trade union representative or a work colleague, who is not involved in the area of work to which the concern relates.

- 5.8 The council will take appropriate steps to minimise any difficulties, which a person may experience as a result of raising a concern and provide advice and support should they be required to give evidence, e.g. at a disciplinary hearing.
- 5.9 The council accepts that the person raising a concern needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will be kept informed as the investigation progresses unless they have requested otherwise. At the very least they should receive an update on the investigation by the date implied by the estimated response time given in section 5.4

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6 How the matter can be taken further

- 6.1 This policy is intended to provide an avenue to raise concerns within the council. The council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if they are not satisfied and feel it right to take the matter outside the council, the matter can be raised with:
- Public Concern At Work on 0207 404 6609 or helpline@pcaw.co.uk
 - a solicitor
 - relevant professional bodies or regulatory organisations, such as:
 - HM Revenues and Customs
 - Financial Conduct Authority
 - Competition and Markets Authority
 - Health and Safety Executive
 - Environment Agency
 - Independent Police Complaints Commission
 - Serious Fraud Office
- 6.2 In taking advice from sources outside the council a person must ensure that, so far as possible, it is raised without confidential information being divulged. Also a person would, other than in exceptional circumstances, be expected to have exhausted the internal routes available first.
- 6.3 Any individual has the right and responsibility to refer a concern to the police if they suspect a criminal act.

7 Roles and responsibilities

Framework

- 7.1 The responsibility for the operation of this policy rests with the corporate leadership team to ensure all employees are fully aware of its provisions. The chief internal auditor must be advised of all referrals, but in a form which does not endanger confidentiality, so that an annual report to the council's audit committee can be compiled.
- 7.2 Audit committee is responsible for assuring the council that the risks across the council are being identified and managed. It is therefore responsible for ensuring that this policy is robust in identifying concerns and that the identified risks are addressed. It is also responsible for ensuring that the principles within this policy are upheld.

Investigations

- 7.3 Investigations should be undertaken by appropriate officers with relevant expertise, and may be someone independent of the person receiving the referral. Internal audit (IA) and human resources (HR) will jointly ensure that investigations are swift and effective and undertaken by someone with relevant skills and experience. IA and HR will act as the corporate services who maintain records of all referrals and subsequent investigations received by the council. Additionally:
- 7.4 IA will lead on all financial referrals, including those where there are significant financial implications to an allegation, whilst not explicit within the referrals. The audit team will ensure that concerns raised through the informal process are logged and trends identified.
- 7.5 HR will lead on allegations regarding serious misconduct of council employees. The HR team will advise and support employees involved in the investigation process to ensure that such processes are fair and supportive to all those involved.
- 7.6 The monitoring officer will lead on allegations regarding misconduct of councillors.

Line managers

- 7.7 Line managers must create an open and fair culture within their area of responsibility and ensure that employee concerns are listened to and action taken where necessary.
- 7.8 They are responsible for ensuring that there is a safe environment for employees to raise their concerns and that there is no retribution as a result of someone raising their concerns.

Employees

- 7.9 In all contracts of employment there is an implied understanding of mutual trust and confidence between the employer and employee. All employees, therefore, have a responsibility to raise concerns about work and they may do so in the manner described in this policy.

8 How the policy will be monitored and reviewed

Monitoring

- 8.1 The council has a responsibility for registering the nature of all concerns raised and to record the outcome. The council's internal audit service will produce an annual report, which will identify any patterns of concern and assess the effectiveness of the policy.
- 8.2 This policy will be publicised via the council's website and specifically:
- every new employee will be provided a copy of the policy when joining the council
 - every contract will require the contractor to communicate the policy to their employees and adopt its provisions when working for the council
 - every employee of a joint venture or company owned by the council will be provided a copy of the policy when joining the JV or company, together with training on the whistleblowing procedures of their organisation and the circumstances where each policy will apply.
 - all newly elected members should be provided a copy of the policy.
- 8.3 Promotional material will be produced and placed in appropriate areas to raise awareness of the policy and invite feedback.
- 8.4 Surveys will be undertaken to gauge the awareness of the policy, and individual whistleblowers will be asked more detailed questions about their perceptions of the policy in practice.

Review

- 8.5 This procedure will be kept under review and any amendments will be subject to consultation with employee representatives.

9 Annex A

Procedure for contractors / partners, including employees of subsidiaries

- 9.1 As a first step contractors should normally raise concerns with their manager, who will then inform the lead council officer who is dealing with that particular contract. If contractors do not have a manager, they should raise their concerns direct with the lead council officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if contractors believe that their manager or lead council officer is involved, they should approach the chief internal auditor at the council directly. Otherwise, the lead council officer receiving notification of concerns under this policy will inform the chief internal auditor that a confidential report has been received and provide a copy.
- 9.2 If the concern relates to financial irregularities or failures of financial controls the lead council officer receiving the report will also immediately notify the chief internal auditor.
- 9.3 Concerns may be raised verbally or in writing. Individuals who wish to make a written report are invited to use the following format:
- the background and history of the concern, giving relevant dates if possible
 - the reason why the individual is particularly concerned about the situation.
- 9.4 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
- 9.5 Advice and guidance on how specific matters of concern may be pursued can be obtained internally from the internal audit service. Alternatively contractors may wish to get confidential advice from their trade union or professional association.
- 9.6 Contractors may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 9.7 Contractors may invite someone, such as their trade union or or a work colleague, to be present during any meetings or interviews in connection with the concerns they have raised.

10 Annex B

General Survey

- (1) Have you thought about using the whistleblowing policy in the last 12 months?
- (2) If yes, but you didn't make a referral, what prevented you?
- (3) On a scale of 1-10 (with 10 being perfect) how would you rate the policy in meeting the needs of someone who has concerns about the councils services?
- (4) If you answered less than 10, what can we do to change so that we would score 10?

Specific Survey for those who have raised a concern

- (1) On a scale of 1-10 (with 10 being perfect) how good do you feel the council's whistleblowing arrangements are?
- (2) If you answered less than 10, what can we do to improve so that we would have scored a 10?
- (3) Were you able to obtain sufficient advice before making your referral?
- (4) Did you use normal management structures or the corporate officers?
- (5) Were your concerns properly addressed?
- (6) Were the implications of a referral (e.g. confidentiality and timescales) explained to you?
- (7) Were you provided with regular feedback (if you wanted it)?
- (8) If you asked for confidentiality was that effectively provided?
- (9) Do you feel you suffered harassment, victimisation or any other negative consequence from raising your concern?



NORWICH
City Council

Anti-money laundering policy

November 2016

Version control

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1 Introduction

- 1.1 The need for this policy derives from the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. The council's legal obligations impact on certain areas of the business, and require the council to establish internal procedures to prevent the mis-use of services to launder money.
- 1.2 This policy details the controls to prevent and protect against money laundering and terrorist financing

2 Scope of the policy

- 2.1 This policy applies to all employees and contractors / agents of the council. The policy sets out the procedures which all officers must follow where they suspect or know that a transaction involves money laundering.

3 What is Money Laundering?

- 3.1 Money laundering is how criminally obtained money or other assets are exchanged for money or assets with no obvious link to their criminal origins. It also covers money, however obtained, which is used to fund terrorism.
- 3.2 Money laundering can take many forms such as:
 - concealing, disguising, converting, transferring or removing criminal property from the UK
 - entering into or becoming involved in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property
 - acquiring, using or possessing criminal property
 - attempting or helping any of the above offences
 - involvement in an arrangement which facilitates the control of money or property destined for, or the proceeds of, terrorism.

4 How do you detect money laundering

- 4.1 There is no one method of laundering money. For this reason, it is important that the council, via its employees and contractors and agents, should be vigilant and alert to possible signs of money laundering through the council's services.
- 4.2 At all times, you should:
 - be wary of cash transactions. 'Cash' for this purpose means notes, coins or travellers' cheques in any currency
 - take care when commencing business with a new client - establish identity as per below where applicable
 - be alert to the possibility of money laundering by a client or a prospective client
 - keep records, as per below where applicable.

5 Council's Obligations

- 5.1 The Money Laundering Regulations apply to specific persons including certain institutions, auditors, accountants, tax advisers and legal professionals.
- 5.2 Strictly speaking, internal public sector services may not be covered by the legislation. However, council services are susceptible to money laundering activities and the council must be able to demonstrate its compliance with the law in this area.
- 5.3 The Proceeds of Crime Act also creates offences relating to money laundering activities as well as terrorist financing. Again council services may be targeted for this purpose and the council must be able to demonstrate its compliance with this law.
- 5.4 The council has therefore:
- appointed a Money Laundering Reporting Officer (MLRO) to receive disclosures from employees of money laundering activities (their own concerns or that of someone else)
 - implemented a reporting procedure where a person
 - knows or suspects; or
 - has a reasonable ground for knowing or suspecting money laundering.
 - Set out client identification procedures to be followed in certain circumstances
 - Set down record keeping procedures for the purposes of money laundering
- 5.5 All employees, contractors and agents of the council are therefore required to be familiar with the council's policy and to comply with the procedures set out in the following sections and particularly with the reporting procedure.

6 The Money Laundering Reporting Officer (MLRO)

- 6.1 The officer nominated to receive disclosures about money laundering activities is the chief internal auditor. This post is currently held by Duncan Wilkinson who can be contacted as follows:

Duncan Wilkinson
Chief internal auditor, LGSS

Civic offices
1 Saxon Gate East
Central Milton Keynes
MK9 3EJ

Telephone: 07946-877510

Email: Duncan.wilkinson@milton-keynes.gov.uk

- 6.2 In the absence of the MLRO, the principal audit manager, Norwich, Jonathan Tully, is nominated to deputise as the MLRO until any further notice. He can be contacted at:

Norwich City Council
City Hall
Norwich
NR2 1NH

Telephone number 01603-212575

Email: Jonathantully@norwich.gov.uk

7 Reporting Procedure

This section explains what you **MUST** do where you become suspicious or know that there is a money laundering or terrorist financing activity going on and how your report will be dealt with by the MLRO.

7.1 Reporting to the MLRO

Warning: If you fail to report or disclose as below you may be liable for prosecution for one or more offences.

- Where you know or suspect or have reasonable grounds to know or suspect that a money laundering activity is taking place or has taken place, you must notify the MLRO **IMMEDIATELY** using the money laundering reporting form attached at appendix 1.
- Similarly, where you believe your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 (see relevant provisions at appendix 2), you must disclose this to the MLRO using the form attached at appendix 1.
- You must still report your concerns even if you believe that someone else has already reported their suspicions of the same money laundering activity.

7.2 After reporting to the MLRO you **MUST**:

- not voice your suspicion to the suspected person or any third party
- not disclose to anyone the fact the you have made the report
- not make any further enquiries into the matter yourself
- not make any reference on the file of the report
- do nothing further on the matter unless you receive specific, written consent from the MLRO to proceed.

Warning: If you fail to observe any of the above, you may be liable for prosecution for ‘tipping off’ or other offences.

7.3 Once the MLRO receives the report, he/she will;

- note the date of receipt and confirm that he/she has received the report.
- advise you of the timescale within which he/she expects to respond to you.
- conduct a provisional investigation into the matter.
- undertake such other reasonable enquiries as appropriate, seeking specialist legal and financial advice (if appropriate)
- make a timely determination as below:
- Where it is determined there is no reasonable grounds to suspect money laundering, he/she will record the reasons for the finding and give consent for the transaction to proceed.
- Where it is determined money laundering is suspected he/she will:
- make a report to National Crime Agency (NCA), as soon as is practicable, and seek NCA's consent whether to proceed with the transaction.
- advise the reporting officer of any consent or refusal of consent from NCA.
- may give consent for the transaction to proceed where seven working days have passed since the disclosure to NCA and no refusal notice has been given; or where although the refusal notice has been given, the moratorium period of 31 days has expired since the date of when the refusal notice was given.
- take formal advice from nplaw if there appears to be reasonable excuse for non-disclosure (eg legal professional privilege) to decide whether or not the matter should be disclosed to NCA.
- where the decision is made not to disclose to the NCA, he/she must record the same and give consent for the transaction to proceed.

7.4 The MLRO commits an offence:

- if without reasonable excuse, she/he fails to disclose to NCA as soon as is practicable suspected money laundering reporting to him/her (except as set out at 7.3.1 (5) (b) (iv) above)
- where after reporting to NCA:
- he/she gives consent to an officer to proceed with the transaction without receiving such consent from NCA
- where he/she gives such consent before hearing from NCA and the period of seven working days has not expired since she/he made the disclosure to NCA
- the moratorium period of 31 days has not expired since the refusal notice

8 Client identification procedure (customer due diligence)

This section explains what you **MUST** do where you are involved in services identified as potential targets for money laundering or terrorist financing transactions. Verifying the identity of clients is a key process that reduces the risk of money laundering and terrorist financing.

8.1 Client/customer due diligence consists of;

- identifying the customer and verifying the client's identity on the basis of documents, data or information obtained from a reliable source
- identifying a beneficial owner who is not a customer, where there is one, and taking adequate measures on a risk sensitive basis, to verify his/her identity
- obtaining information on the purpose and intended nature of the business relationship

8.2 You must conduct a 'customer due diligence' in the following circumstances ;

- when establishing a new business relationship
- when carrying out an occasional transaction (a transaction which amounts to €15,000 or more, which is carried out in a single operation or several linked operations, and which is carried out other than as part of a business relationship)
- when you suspect money laundering or terrorist financing regardless of the amount involved
- when you doubt the veracity or adequacy of documents, data or information previously obtained for identification purposes.

8.3 You must complete the verification of the identity of the client (or beneficial owner) before you establish the business relationship or accept / process the transaction.

8.4 You may however, complete such identity verification after establishing the business relationship only if it is necessary not to interrupt the normal conduct of business and there is little risk of money laundering or terrorist financing occurring, but provided that the verification is completed as soon as practicable after contact is first established.

8.5 You should obtain evidence of identity as follows:

For internal clients

- Written instructions on headed paper signed and dated by the appropriate person; or an email from the council's internal email system.
- The evidence should be kept on file identifying that it is evidence of the client's identity

For external clients

- Written instructions on the organisation's official headed paper, duly signed and dated by the appropriate person/s (It must be clear what position the signing person/s hold/s within the organisation); or an email from the organisation's e-communication system that clearly identifies the sending company and person.

- The evidence should be kept on file identifying that it is evidence of the client's identity
- Whenever dealing with a company, you must also verify the existence of the company. You must always request to be provided with the company's registration number which you can use to search for the company's existence at the companies house, and the registered address of the company.
- You must further ensure that the person instructing you has the authority from the company to do so.
- When dealing with an individual, identity evidence will be key, verifiable documents such as driving licence, passport or other reliable document.

It is very important that you do not take a tick box approach towards the client identification procedure. You must be satisfied with the authenticity of identification documents and where in doubt, please speak to your manager to see what other forms of identification you may request. The MLRO is able to provide tools that verify the validity of identification documents.

- 8.6 Where satisfactory evidence of identity is not obtained from the outset or as soon as practicable (in the case of 8.5 above), then:
- you cannot establish a business relationship or carry out an occasional transaction with the client.
 - you cannot proceed any further with the transaction (if applicable)
 - you must consider whether you need to report the matter to the MLRO.
- 8.7 Where you are satisfied with the evidence of the identity and an ongoing business relationship is established with a client, you should still scrutinise transactions undertaken to ensure that they are consistent with your knowledge of the client or business and risk profile. You should also ensure that the identification documents are up to date.

9 Record keeping procedure

- 9.1 It is essential that records are properly kept to aid in any subsequent investigation which may be carried out and to demonstrate the council has met its responsibilities. Each service must keep the following records for a period of five years beginning from the date when the occasional transaction is completed or business relationship ends:
- evidence of the client's identity
 - all supporting records, originals or copies, relating to the transaction
- 9.2 The MLRO must keep all records of any reports or disclosures received by him/her, action taken and the outcome.

APPENDIX 1

Report to Money Laundering Reporting Officer

Re: money laundering activity

To: [insert name], Money Laundering Reporting Officer

From:
[insert name of employee]

Date:

Service:
[insert post title and section]

Ext/Tel No:

Details of suspected offence

Name (s) and address (es) of person(s) involved:

[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:

[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:

[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (to your knowledge)?

Yes No

If yes, please include details below:

Have you discussed your suspicions with anyone else?

Yes No

If yes, please specify below and where applicable, explain why such discussion was necessary:

Have you consulted any supervisory body's guidance (e.g. the Law Society) on money laundering?

Yes No

If yes, please specify below:

Do you have any grounds for believing that the matter should not be disclosed to NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?)

Yes No

If yes, please set out full details below:

Are you involved in a transaction which may involve a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 and which may require NCA's consent?

Yes No

If yes, please set out the details below:

Please set out below any other relevant information:

Signed:.....

Dated:.....

Do not discuss the content of this report with the person/s you suspect to be involved in the money laundering activities described or with third parties. To do so may constitute the offence of tipping off which carries a maximum penalty of 5 years' imprisonment.

The following part of this form is for completion by the MLRO

Date report received:

Date receipt report acknowledged

CONSIDERATION OF DISCLOSURE:**Action Plan:****Outcome of consideration of disclosure**

Are there reasonable grounds for suspecting money laundering activity?

Yes No

If yes, please give reasons/details below:

If there are reasonable grounds for suspicion, will a report be made to NCA?

Yes No

If yes, please confirm date of report to NCA:

and complete the box below:

Details of liaison with NCA regarding the report:

Notice period: to

Moratorium period: to

Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? Yes No

[Please tick the relevant box]

☐☐

If yes, please confirm full details below:

Date consent received from NCA:

Date consent given by you to the employee:

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to NCA, please set out below the reason(s) for non- disclosure:

Date consent given by you to employee for any prohibited act/transaction to proceed:

.....

Other relevant information:



Signed: Dated:

This report should be retained for at least five years from the date when the occasional transaction or the business relationship to which it relates comes to an end.

APPENDIX 2

1 Relevant extracts from the proceeds of crime act 2002

S.327 Concealing etc

E+W+S+N.I. (England, Wales, Scotland, Northern Ireland) This section has no associated Explanatory Notes

(1) A person commits an offence if he—

- (a) conceals criminal property;
- (b) disguises criminal property;
- (c) converts criminal property;
- (d) transfers criminal property;
- (e) removes criminal property from England and Wales or from Scotland or from Northern Ireland.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;
- (c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) Concealing or disguising criminal property includes concealing or disguising its nature, source, location, disposition, movement or ownership or any rights with respect to it.

S.328 Arrangements

E+W+S+N.I. This section has no associated Explanatory Notes

(1) A person commits an offence if he enters into or becomes concerned in an arrangement which he knows or suspects facilitates (by whatever means) the acquisition, retention, use or control of criminal property by or on behalf of another person.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;

(c) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

S.329 Acquisition, use and possession

E+W+S+N.I. This section has no associated Explanatory Notes

(1) A person commits an offence if he—

- (a) acquires criminal property;
- (b) uses criminal property;
- (c) has possession of criminal property.

(2) But a person does not commit such an offence if—

- (a) he makes an authorised disclosure under section 338 and (if the disclosure is made before he does the act mentioned in subsection (1)) he has the appropriate consent;
- (b) he intended to make such a disclosure but had a reasonable excuse for not doing so;
- (c) he acquired or used or had possession of the property for adequate consideration;
- (d) the act he does is done in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct.

(3) For the purposes of this section -

- (a) a person acquires property for inadequate consideration if the value of the consideration is significantly less than the value of the property;
- (b) a person uses or has possession of property for inadequate consideration if the value of the consideration is significantly less than the value of the use or possession;
- (c) the provision by a person of goods or services which he knows or suspects may help another to carry out criminal conduct is not consideration.

S.332 Failure to disclose: other nominated officers

E+W+S+N.I. This section has no associated Explanatory Notes

(1) A person nominated to receive disclosures under section 337 or 338 commits an offence if the conditions in subsections (2) to (4) are satisfied.

(2) The first condition is that he knows or suspects that another person is engaged in money laundering.

(3) The second condition is that the information or other matter on which his knowledge or suspicion is based came to him in consequence of a disclosure made under section 337 or 338.

- (4) The third condition is that he does not make the required disclosure as soon as is practicable after the information or other matter comes to him.
- (5) The required disclosure is a disclosure of the information or other matter—
- (a) to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service;
 - (b) in the form and manner (if any) prescribed for the purposes of this subsection by order under section 339.
- (6) But a person does not commit an offence under this section if he has a reasonable excuse for not disclosing the information or other matter.

S.333 Tipping off

E+W+S+N.I. This section has no associated Explanatory Notes

- (1) A person commits an offence if—
- (a) he knows or suspects that a disclosure falling within section 337 or 338 has been made, and
 - (b) he makes a disclosure which is likely to prejudice any investigation which might be conducted following the disclosure referred to in paragraph (a).
- (2) But a person does not commit an offence under subsection (1) if—
- (a) he did not know or suspect that the disclosure was likely to be prejudicial as mentioned in subsection (1);
 - (b) the disclosure is made in carrying out a function he has relating to the enforcement of any provision of this Act or of any other enactment relating to criminal conduct or benefit from criminal conduct;
 - (c) he is a professional legal adviser and the disclosure falls within subsection
- (3) A disclosure falls within this subsection if it is a disclosure—
- (a) to (or to a representative of) a client of the professional legal adviser in connection with the giving by the adviser of legal advice to the client, or
 - (b) to any person in connection with legal proceedings or contemplated legal proceedings.
- (4) But a disclosure does not fall within subsection (3) if it is made with the intention of furthering a criminal purpose.

S.334 Penalties

E+W+S+N.I. This section has no associated Explanatory Notes

- (1) A person guilty of an offence under section 327, 328 or 329 is liable—
 - (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
 - (b) on conviction on indictment, to imprisonment for a term not exceeding 14 years or to a fine or to both.
- (2) A person guilty of an offence under section 330, 331, 332 or 333 is liable—
 - (a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or
 - (b) on conviction on indictment, to imprisonment for a term not exceeding five years or to a fine or to both.

S.335 Appropriate consent

E+W+S+N.I. This section has no associated Explanatory Notes

- (1) The appropriate consent is—
 - (a) the consent of a nominated officer to do a prohibited act if an authorised disclosure is made to the nominated officer;
 - (b) the consent of a constable to do a prohibited act if an authorised disclosure is made to a constable;
 - (c) the consent of a customs officer to do a prohibited act if an authorised disclosure is made to a customs officer.
- (2) A person must be treated as having the appropriate consent if—
 - (a) he makes an authorised disclosure to a constable or a customs officer, and
 - (b) the condition in subsection (3) or the condition in subsection (4) is satisfied.
- (3) The condition is that before the end of the notice period he does not receive notice from a constable or customs officer that consent to the doing of the act is refused.
- (4) The condition is that—
 - (a) before the end of the notice period he receives notice from a constable or customs officer that consent to the doing of the act is refused, and
 - (b) the moratorium period has expired.
- (5) The notice period is the period of seven working days starting with the first working day after the person makes the disclosure.
- (6) The moratorium period is the period of 31 days starting with the day on which the person receives notice that consent to the doing of the act is refused.
- (7) A working day is a day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act

1971 (c. 80) in the part of the United Kingdom in which the person is when he makes the disclosure.

(8) References to a prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).

(9) A nominated officer is a person nominated to receive disclosures under section 338.

(10) Subsections (1) to (4) apply for the purposes of this Part.

S.336 Nominated officer: consent

E+W+S+N.I. This section has no associated Explanatory Notes

(1) A nominated officer must not give the appropriate consent to the doing of a prohibited act unless the condition in subsection (2), the condition in subsection (3) or the condition in subsection (4) is satisfied.

(2) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service, and

(b) such a person gives consent to the doing of the act.

(3) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service, and

(b) before the end of the notice period he does not receive notice from such a person that consent to the doing of the act is refused.

(4) The condition is that—

(a) he makes a disclosure that property is criminal property to a person authorised for the purposes of this Part by the Director General of the National Criminal Intelligence Service,

(b) before the end of the notice period he receives notice from such a person that consent to the doing of the act is refused, and

(c) the moratorium period has expired.

(5) A person who is a nominated officer commits an offence if—

(a) he gives consent to a prohibited act in circumstances where none of the conditions in subsections (2), (3) and (4) is satisfied, and

(b) he knows or suspects that the act is a prohibited act.

(6) A person guilty of such an offence is liable—

(a) on summary conviction, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum or to both, or

(b) on conviction on indictment, to imprisonment for a term not exceeding five years or to a fine or to both.

(7) The notice period is the period of seven working days starting with the first working day after the nominated officer makes the disclosure.

(8) The moratorium period is the period of 31 days starting with the day on which the nominated officer is given notice that consent to the doing of the act is refused.

(9) A working day is a day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 (c. 80) in the part of the United Kingdom in which the nominated officer is when he gives the appropriate consent.

(10) References to a prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).

(11) A nominated officer is a person nominated to receive disclosures under section 338.

S.337 Protected disclosures

E+W+S+N.I. This section has no associated Explanatory Notes

(1) A disclosure which satisfies the following three conditions is not to be taken to breach any restriction on the disclosure of information (however imposed).

(2) The first condition is that the information or other matter disclosed came to the person making the disclosure (the discloser) in the course of his trade, profession, business or employment.

(3) The second condition is that the information or other matter—

(a) causes the discloser to know or suspect, or

(b) gives him reasonable grounds for knowing or suspecting, that another person is engaged in money laundering.

(4) The third condition is that the disclosure is made to a constable, a customs officer or a nominated officer as soon as is practicable after the information or other matter comes to the discloser.

(5) A disclosure to a nominated officer is a disclosure which—

(a) is made to a person nominated by the discloser's employer to receive disclosures under this section, and

(b) is made in the course of the discloser's employment and in accordance with the procedure established by the employer for the purpose.

S.338 Authorised disclosures

E+W+S+N.I. This section has no associated Explanatory Notes

(1) For the purposes of this Part a disclosure is authorised if—

(a) it is a disclosure to a constable, a customs officer or a nominated officer by the alleged offender that property is criminal property,

- (b) it is made in the form and manner (if any) prescribed for the purposes of this subsection by order under section 339, and
 - (c) the first or second condition set out below is satisfied.
- (2) The first condition is that the disclosure is made before the alleged offender does the prohibited act.
- (3) The second condition is that—
 - (a) the disclosure is made after the alleged offender does the prohibited act,
 - (b) there is a good reason for his failure to make the disclosure before he did the act, and
 - (c) the disclosure is made on his own initiative and as soon as it is practicable for him to make it.
- (4) An authorised disclosure is not to be taken to breach any restriction on the disclosure of information (however imposed).
- (5) A disclosure to a nominated officer is a disclosure which—
 - (a) is made to a person nominated by the alleged offender's employer to receive authorised disclosures, and
 - (b) is made in the course of the alleged offender's employment and in accordance with the procedure established by the employer for the purpose.
- (6) References to the prohibited act are to an act mentioned in section 327(1), 328(1) or 329(1) (as the case may be).