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Counter Fraud, Error, Bribery and Corruption Policy

TORBAY COUNCIL

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1 Executive Summary

Fraud is the most common criminal offence in the UK costing the public sector up to £49 billion annually, according to the Chartered Institute of Public Finance and Accountancy (CIPFA) and Public Sector Fraud Authority (PSFA).

Torbay Council is committed to upholding the highest standards of integrity and transparency.

This Policy sets out the Council's Strategic approach to preventing, detecting and responding to fraud, bribery corruption and dishonest conduct, both internally and externally.

Alignment with the Economic Crime and Corporate Transparency Act 2023, the policy reinforces the Council's zero-tolerance stance and outlines measures to meet evolving legislative requirements, including corporate liability and the duty to prevent fraud.

Key elements of this policy include:

Culture and Governance A strong antifraud culture, supported by leadership, training and clear reporting channels.

Prevention and risk management Fraud risk assessments and registers maintained by managers, with controls to mitigate risks.

Detection and reporting whistleblowing encouraged; data analytics and matching used to identify anomalies and potential fraud.

Investigation and enforcement Allegations investigated in line with legal standards. sanctions, include disciplinary action, recovery, disruption and criminal prosecution.

Training and awareness ongoing training for staff and councillors; targeted campaign and alerts supporting vigilance and early detection.

Collaboration and Transparency engagement with national bodies and compliance with the Government's Transparency code.

Operational delivery The corporate Counter Fraud and Error team working with internal audit to deliver a robust response, supported by accredited professionals and secure systems.

The Council expects all individuals and organisations, including suppliers, contractors, partners and service users, to act with honesty and integrity. Fraud and corruption will not be tolerated, regardless of the perpetrator.

This policy applies to all actual or suspected internal and external fraud involving councillors, staff, contractors, partners and service users. It defines organisational responsibilities and supports the work of the Corporate Fraud and Error Unit.

Key objectives include:

- raising awareness of fraud risks internally and externally.
- Minimising financial loss
- Support managers in fraud risk mitigation
- Maintaining fraud risk registers and controls
- Promoting culture of reporting and transparency
- Pursuing sanctions and loss recovery

Tools such as data matching, participation in the National Fraud Initiative, and internal investigations help to protect public funds. Prevention remains the most effective defence, and all staff are expected to complete periodic fraud awareness training.

As not all fraud or irregularities can be prevented. A public reporting form is available on Torbay Council's website.

This policy is supported by a anti-fraud and corruption strategy and is regularly reviewed to reflect emerging threats and legislative changes. The publication of this policy reinforces the Council's zero tolerance stance on fraud.

2 Introduction

Torbay Council delivers over 700 services to a population of more than 139,400 residents and is one of the largest employers in the area. The scale and complexity of its operations, many involving financial transactions, public assets, and sensitive data, inevitably expose the organisation to risks of fraud, corruption (including bribery), dishonesty and error.

This policy reaffirms the Council's commitment to safeguarding public funds, maintaining trust, and ensuring ethical governance across all service areas. Fraud, bribery, and corruption are criminal offences and will not be tolerated. Any such activity represents a direct loss to the public purse and undermines confidence in local government.

Torbay Councils approach supports its strategic priorities for a healthy, happy and prosperous Torbay:

Community and people: protects services for vulnerable residents and promotes ethical conduct.

Pride in Place: Safeguards public assets and reinforces civic pride through transparency and accountability

Economic Growth: Minimises financial loss, supports fair competition and strengthens Torbay Councils reputation as a trusted partner.

The Council adopts the principles of the Fighting Fraud and Corruption Locally (FFCL) strategy:

Govern strong leadership and governance arrangements to embed antifraud, bribery and corruption measures throughout the organisation

Acknowledge recognise and understand fraud risks,

Prevent fraud through better controls, data and technology, and

Pursue investigate and recover any losses.

Protect safeguard individuals and organisations from fraud by ensuring services and funds are not diverted

In alignment with national efforts such as the **Economic Crime and Corporate Transparency Act 2023**.

The Council recognises the corporate offence of the failure to prevent fraud and maintains proportionate fraud prevention procedures, provides regular training and adopts effective controls to mitigate fraud risk.

Fraud and error, bribery and corruption and dishonesty, pose significant threats to public confidence, financial integrity and service delivery. Systemic weaknesses can be exploited leading to financial abuse. By analysing detected cases, the council can strengthen internal controls, inform strategic decisions and target resources to prevent reoccurrence.

3 What is fraud?

There are several criminal offences that relate to what might commonly be termed as 'fraud' that are covered by the Theft Act 1968 and the Theft Act 1978. However, the Fraud Act 2006 established criminal laws to assist in the fight against fraud by creating a general offence of fraud with three definitions: -

- False representation (if an individual dishonestly makes a false representation and intends by making the representation to make a gain for himself or another, or to cause loss to another or expose another to a risk of loss
- Failing to disclose information, (if an individual dishonestly fails to disclose to another person information which they are under a legal duty to disclose and intends, by means of abuse of that position to make a gain for himself or another, or to cause loss to another or expose another to risk of loss); and
- Abuse of position (if an individual occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, and he dishonestly abuses that position, and intends, by means of the abuse of that position, to make a gain for himself or another, or to cause loss to another or expose another to risk of loss.

The Economic Crime and Corporate Transparency Act 2023 introduced a new corporate offence 'failure to prevent fraud'. This applies to large organisations defined as those meeting two or more of the following criteria:

- More than 250 employees
- More than £36 million turnover
- More than £18 million in total assets

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

Whilst this policy does not in itself prevent the risk of fraud occurring, it sets out the council's commitment and approach to maintain a strong anti-fraud culture.

Torbay councils core values are a commitment to being forward thinking, people orientated and adaptable – always with integrity. In support of those core values, the Council will seek to ensure risk from fraud, error, dishonesty, bribery, and corruption is kept to a minimum.

This means questioning our practices and seeking to find innovative solutions to provide new or tighten existing working practices which deter Fraud and Error while protecting or generating income.

This Policy will not compromise the Council's Equal Opportunities Policy or any obligations as an employer under the Employee Code of Conduct or Members Code of Conduct.

4 What is Bribery?

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

The Bribery Act 2010 provides two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting an advantage. It also created an offence of failure by an organisation to prevent a bribe being paid for or on its behalf. In simple terms it is the act of taking or receiving something with the intention of influencing the recipient in some way favourable to the party providing the bribe.

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

Some simple examples are:

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

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

5 What is Corruption?

Corruption involves the abuse of entrusted power for private gain, often through illegitimate, immoral or unethical means that conflict with an employee or councillor's duties or infringe upon the rights of others. It may be classified as grand, petty, or political, depending on the scale and context in which it occurs.

Additionally, misconduct in public office is a common law offence committed when a public official wilfully neglects their duties or acts in a way that is contrary to their responsibilities.

6 Avenues for Reporting Fraud, Bribery and Corruption

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

Counter Fraud and Error Team

Online - **Report fraud within or against the council - Torbay Council**

By email to **corporatefraud@torbay.gov.uk**

6.2 this form caters for any suspicious activity and directs the completed form to the appropriate department or persons in line with the councils **whistleblowing policy**.

7 Culture

Supporting the opposition to fraud through a non-tolerant approach

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

Torbay Councils Counter Fraud, Error, Bribery and corruption policy supports the council commitment to delivering its corporate plan priorities.

All Elected members, colleagues, partner organisations play an important role in creating, promoting and maintaining a culture which requires everyone to always act honestly and with integrity and to safeguard resources for which they are responsible.

Alongside elected members, employees partner organisations, and members of the public have an important role to play in dealing with any instance of fraud. Anyone representing the council should encourage members of the public to report suspected fraud.

Fraud against the council is a fraud against everyone in our community.

Managers are expected to identify risks across their areas of responsibility to inform a council wide fraud risk register. Managers can seek the assistance of the corporate fraud and error manager and internal audit if necessary. Working together we can identify appropriate mitigating measures.

When fraud, error or dishonesty happens, following a breakdown in the Council's systems or procedures, Directors and managers will ensure that appropriate improvements are implemented to prevent re-occurrence.

In response to the Money Laundering Regulations 2007 the Council has an Anti-Money Laundering Policy in place and a Money Laundering Reporting Officer. This is the council's Counter Fraud and Error Manager.

Those who defraud the Council, who are corrupt, or where there has been financial malpractice will be dealt with firmly.

8 Responsibilities

Prevention, the most efficient and cost-effective way to tackle fraud

Torbay Council's Director of Finance holds statutory responsibilities under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations 2015 and Torbay Councils Financial Regulations to ensure the proper administration of the Council's financial affairs.

Together with the Chief Executive and the Senior Leadership Team, the Director of Finance also has overarching responsibility for the Councils Counter Fraud, Error, Bribery and Corruption Policy and associated procedures. This includes ensuring the establishment and maintenance of a robust system of internal control designed to prevent fraud and support the achievement of the Councils strategic aims and policy objectives.

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

To ensure effective governance, the Council has established clear structures and oversight mechanisms:

- The Corporate Counter Fraud and Error Team leads operational delivery, working closely with internal audit, legal services and service managers,
- The Audit Governance Committee provides independent oversight, receiving regular reports on fraud risks, investigations and outcomes
- Fraud policy is integrated with key Governance documents, including Financial Regulations, the Whistleblowing Policy and Codes of Conduct.
- A corporate fraud risk register is maintained and reviewed regularly
- Reporting mechanisms are in place for staff to raise concerns, including an online form.

Responsibilities include:

- Assessing fraud risks and regularly reviewing them against key organisational objectives
- Establishing and maintaining an effective anti-fraud policy and fraud response plan
- Designing and promoting a control environment proportional to fraud risks
- Ensuring mechanisms are in place for:
 - reporting fraud risk issues;
 - escalating them to the Audit and Governance Committee
- Liaising with Risk Management and the Governance Bodies to ensure coordinated oversight.

- Ensuring Torbay Councils recruitment policy is adhered to and effective steps are taken at recruitment to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts.
- Promote awareness of the Councils Counter Fraud, Error, Bribery and Corruption policy and ensure all employees know what their responsibilities are in relation to assessing fraud risk, deterring and reporting potential fraud and recovering losses
- Ensuring appropriate counter-fraud training is available, promoted and provided to staff;
- Ensuring vigorous and prompt investigations are carried out if fraud occurs or is suspected;
- Ensuring appropriate legal, financial recovery and/or disciplinary action is taken against fraud perpetrators;
- Hold managers accountable where supervisory failures contribute to fraud;
- Taking appropriate disciplinary action against staff who intentionally fail to report or deter fraud;
- Taking appropriate action to recover stolen assets and monies.
- Ensuring that appropriate action is taken to minimise the risk of similar frauds occurring in future.

Operational Management/Supervisor responsibilities

- Assessing fraud risks associated to their operational activities
- Implementing proportionate, risk-based fraud prevention measures
- Maintaining effective internal controls within each of their areas of responsibility and ensuring these controls operate as intended.
- Preventing, detecting and deterring fraud through proactive management and oversight
- Regularly reviewing and testing control systems to ensure continued effectiveness
- Ensuring compliance with established policies and controls and addressing any weaknesses
- Introducing new controls where fraud has occurred to mitigate future risk or new risks introduced by new products, systems, service provision.

- Promoting fraud awareness, ensuring teams remain up to date with mandatory i-learn courses.
- Promote and encourage staff to report fraud concerns

Every Colleague and elected member of the council are expected to

- Act with propriety in the use of Torbay Councils resources and the handling and use of funds whether they are involved with cash or payments systems, receipts or dealing with suppliers and or customers;
- Be alert to the possibility that unusual events or transactions could be indicators of fraud;
- Report details immediately through the appropriate channel if they suspect that a fraud has been committed or see any suspicious acts or events;
- Comply with Torbay Councils Code of Conduct specifically in respect of the declaration of 'Gifts and Hospitality' and potential conflicts of interest.
- Ensure fraud awareness training is undertaken and remains up to date.

Promote an Anti-Fraud culture

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

The whistleblowing policy explains in more detail how concerns raised will be dealt with.

Torbay and South Devon NHS Foundation Trust

The responsibility for investigating fraud within Adult Social Services is currently delegated to the Director of Finance of the Torbay and Southern Devon Care Trust. The Trust's Director of Finance is supported in this role by the Torbay and Southern Devon Care Trust Counter Fraud Service. Where appropriate, matters are shared with Torbay Council's Corporate Counter Fraud Team to ensure cases are managed in the most effective and proportionate manner. The Council's Section 151 Officer continues to receive an annual letter of assurance from the Trust in respect of these arrangements.

9. Conclusion

We have a responsibility to the residents of Torbay to be:

- Transparent
- Accountable
- Honest
- Selfless
- Preventing, deterring and promoting detection of fraudulent and corrupt acts
- Taking action when fraud or irregularities occur, including the recovery of all funds taken

The Council has in place a clear network of systems and procedures to assist it in dealing with fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

The Council will hold itself and its partners accountable for the prevention, detection, pursuance and recovery of funds obtained by fraudulent activity.

The Council takes pride in setting and maintaining high standards and a culture of openness, with core values of Forward thinking, people orientated and adaptable always with integrity.

This policy supports the Council's desire to maintain an honest authority, free from fraud and irregularities.

Author	Date reviewed	Date approved by DOM	Date approved by Audit Committee	Next review date
Counter Fraud & Error Manager	January 2026			February 2027