

Anti-Fraud, Theft, and Bribery Policy 2019/22

Introduction

This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act. For ease of understanding it is separated into the following areas:

- Culture
- Prevention
- Detection
- Reporting
- Investigations
- Discipline and prosecution
- Recovery of losses

Appendix I - Fraud response plan

Appendix II - Warning signs of potential fraud

1. Culture

1.1 Whilst there is a need for an anti-fraud, bribery and corruption policy it is equally important to emphasise the faith the council places in the integrity and honesty of its entire staff. The council also expects that all outside individuals and organisations including suppliers, contractors and claimants will act towards the council with honesty and integrity.

1.2 All councillors and employees are expected to be aware of standards of conduct and the procedures designed to reduce the risk of fraud, bribery and corruption occurring.

1.3 All employees shall be responsible for their own conduct, with managers being additionally responsible for maintaining internal checks and control procedures within their service area.

1.4 Fraud, bribery and corruption risks will be considered as part of the council's strategic risk management arrangements.

1.5 The council is determined that the culture and tone of the organisation is one of honesty, openness and opposition to fraud, bribery and corruption. The council will not tolerate fraud, bribery or corruption of any form or degree in the administration of its responsibilities whether from inside or outside the council.

1.6 There is an expectation that, and requirement that, all individuals and organisations associated in whatever way with the council will act with integrity and that councillors and employees at all levels, will lead by example.

1.7 The council's employees are an important element in its stance on fraud and corruption and are positively encouraged to raise any concerns that they may have on these issues, immaterial of seniority, rank or status, where they are associated with the council's activity. This they can do in the knowledge that such concerns will, wherever possible, be treated in confidence and properly investigated. The public also has a role to play in this process and should inform the council if they feel fraud/corruption may have occurred.

2. Prevention

2.1 The council recognises that a key preventive measure in the fight against fraud, bribery and corruption is the taking of effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard temporary and contract staff will be treated in the same manner as permanent staff.

2.2 The council will regularly review and keep its disciplinary procedures up to date and in line with good practice.

2.3 The council has contract procedure rules and financial procedure rules in place that specify procedures to be followed in administering the council's affairs and place a requirement on employees when dealing with the council's affairs to act in accordance with best practices.

2.4 The Director of Finance has been designated with the statutory responsibilities as Chief Financial Officer as defined by section 151 of the Local Government Act 1972. These

responsibilities outline that every local authority in England and Wales should: 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility or the administration of those affairs'.

'Proper administration' encompasses all aspects of local authority financial management including:

- Compliance with the statutory requirements for accounting and internal audit;
- Managing the financial affairs of the council
- The proper exercise of a wide range of delegated powers both formal and informal;
- Under these statutory responsibilities the section 151 officer contributes to the anti-fraud and corruption framework of the council.

2.5 The solicitor to the council (monitoring officer) is responsible for ensuring that all decisions made by the council are within the law. The monitoring officer's key role is to promote and maintain high standards of conduct throughout the council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standard policies.

2.6 The council has developed and is committed to continuing, with systems and procedures that incorporate efficient and effective internal controls, which include adequate separation of duties wherever possible. It is required that the directors, assistant directors and heads of service and other key managers will ensure that such controls, including those in a computerised environment are properly maintained. Their existence and appropriateness will be independently reviewed by the council's internal audit service.

2.7 The council will work with Partner Organisations to develop where possible a joint approach to antifraud activity.

3. Detection

3.1 Directors, assistant directors, heads of service and all managers shall ensure that internal control is implemented and maintained and will report any matters where internal control has failed to the chief internal auditor.

3.2 Internal audit has a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except benefit fraud investigations, in accordance with agreed procedures.

Within the financial procedure rules in the constitution (Paragraph 20 of the Part 9 of the Wiltshire Council Constitution), representatives of internal audit on behalf of the Chief Financial Officer are empowered to:

- enter at all reasonable times any council premises or land
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination

- require any employee of the council to account for cash, stores or any other council property under his/her control or possession

3.3 The council will take part in the National Fraud Initiative.

3.4 The audit and governance committee will review and approve as part of the annual audit plan the internal audit programme for fraud prevention and detection work.

3.5 The council's code of practice on whistleblowing allows employees and councillors to raise any concerns they may have in confidence and anonymously should they wish.

4. Reporting

4.1 The council expects all elected members and employees of the council to report any concerns that they may have in respect of fraud and corruption. Members of the public outside individuals and organisations including suppliers, contractors and claimants are also encouraged to report concerns.

4.2 As set out in the whistleblowing policy, employees are encouraged and expected to raise any concerns they may have without fear of recrimination. Such concerns will be treated in the strictest confidence and will be properly investigated.

4.3 Employees should normally raise concerns with their immediate manager or that manager's manager. This depends, however on the seriousness of the issues involved and who is suspected of the malpractice. If staff believe that their management is involved, they should approach:

- i) The S151 and Director of Finance Officer Tel: xxxx
- ii) The Head of Internal Audit – (South West Audit Partnership) Tel: xxxx
- iv) The Solicitor to the Council – Tel: xxxx

4.4 Elected councillors should normally report any concerns to the appropriate senior management team member or one of the officers listed in 3.

4.5 The council discourages anybody who has reasonably held suspicions from doing nothing, trying to investigate the matter themselves, approaching or accusing the individual themselves. Any of these actions could result in any counter fraud investigation being compromised.

4.6 Senior management is responsible for following up any allegation of fraud or corruption and will do so in line with the council's financial regulations.

4.7 Senior management is expected to deal swiftly and firmly with those who have defrauded the council or who are corrupt.

4.8 There is a need to ensure that any investigation process is not misused and therefore, any abuse such as raising unfounded malicious allegations will, where appropriate, be dealt with as a disciplinary matter.

5. Investigations

5.1 The investigation of fraud, bribery and corruption is a complex and specialist area and will usually be undertaken by internal audit, or for less complicated cases, managers, under internal audit advice. Internal audit will ensure that there is a procedure that can be implemented to ensure that all evidence is correctly obtained, stored and recorded.

5.2 Depending on the nature and anticipated extent of the allegations, internal audit will normally work closely with management and other agencies to ensure that all allegations and evidence is properly investigated and reported on.

5.3 To facilitate audit work and investigations, internal audit staff are accorded rights, by the Accounts and Audit Regulations 2015, to access all necessary documents, records, information and explanations from any member of staff.

5.4 When undertaking fraud investigations, council investigators will observe the Police and Criminal Evidence Act Codes of Practice and where necessary the Council's policies in respect of the Regulation of Investigatory Powers Act 2000 (RIPA Policies).

5.5 Any decision to refer an investigation to the police will be taken by the chief internal auditor in consultation with the chief finance officer and others, as appropriate.

6. Discipline and prosecution

6.1 The council's disciplinary procedures will be used where the outcome of any investigation indicates improper behaviour.

6.2 The chief finance officer is responsible for deciding in consultation with the relevant member of management board and the chief internal auditor as appropriate, whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.

7. Recovery of losses

7.1 The council will normally seek to recover losses incurred as a result of fraud, bribery and corruption.

7.2 If anyone under investigation offers money in settlement of any losses to the council, it should be made clear that any monies offered will be accepted:

- Without prejudice to any other actions the council may wish to take;
- That acceptance is only in respect of losses identified to date; and
- That the council reserves the right to seek recovery any further losses that may come to light in the future.

7.3 Consideration will be given to legal action against the perpetrator of fraud or those benefiting from fraud in order to cover the council's losses.

8. The council's human resources policies

8.1 All investigations, internal procedures and codes of conduct will comply with and take account of the council's HR policies.

9. Data protection

9.1 The council will share any personal data with the police or any other body in connection with the detection, investigation or prosecution of fraud in line with the Data Protection Act 1998.

10. Working with other agencies

10.1 There are arrangements in place to continue to develop and encourage the appropriate exchange of information between the council and other agencies in relation to fraud, bribery and corruption to help prevent, deter and detect fraud. These include, but are not limited to:

- Police
- Department for Work and Pensions (DWP)
- HMRC
- National Anti-Fraud Network
- External Audit
- Other authorities

11. Related policies and other strategies

11.1 The following policies support or are linked to the anti-fraud, bribery and corruption policy (hyperlinks to be added).

- Anti-Money Laundering Policy
- Codes of Conduct (employees and councillors)
- Grievance Policy and Procedure
- Financial Procedure Rules
- Contracts Procedure Rules
- Whistleblowing or Confidential Reporting Code
- Equality Policy
- Disciplinary Procedures

Appendix I

ANTI-FRAUD, THEFT AND BRIBERY RESPONSE PLAN

Stage 1 – Commencing an investigation

Decisions to proceed with an investigation will be made by the appropriate Director in conjunction with the Head of Internal Audit, and the Chief Finance Officer. At this point the above officers will need to assess whether there is a requirement for any INTERNAL employee to be suspended.

Stage 2 – Appointment of investigating officers

For each investigation, the first step will be to appoint an investigating officer. The Head of Internal Audit may appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).

Stage 3 – Planning the investigation

The investigating officer will need to liaise with the internal audit lead officer to ensure that a plan of action is drawn up. The internal audit officers will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.

Stage 4 – Referral to police

If the investigation relates to a suspected criminal offence, the Head of Internal Audit will need to consider (in conjunction with the relevant member of management board and the chief finance officer) whether to inform the police. If they decide that a formal police investigation is necessary then liaison with the police will normally be via legal and the Head of Internal Audit.

Stage 5 – Gathering evidence

The investigating officer will ensure, in conjunction with the internal audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered objectively, systematically and in a well-documented manner. Where this is being carried out in conjunction with a police investigation the internal audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The internal audit lead officer will keep the investigating officer fully informed of all developments with any police investigation.

Stage 6 – Progress reviews

During the investigation, the internal audit lead officer will produce confidential interim reports (which can be verbal reports) on progress and findings. These will normally be to the investigating officer.

Appendix II

WARNING SIGNS FOR POTENTIAL FRAUD, BRIBERY, CORRUPTION

As stated above managers are responsible for the design of systems, (in conjunction with compliance with corporate policies), which must include controls that will prevent and detect fraud within their processes. Employee training and awareness is essential in ensuring that they are alert to the signs that a fraud may be being undertaken.

External

Supplier Invoices

- There is no record of an official order made
- The invoice contains errors in detail such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Documents supporting supplier invoices are inadequate or obviously altered
- Key documents appear to have been photocopied
- Evidence that a document has been altered.

Customer Applications and Payments

- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Only able to supply photocopied documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal

- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary to job role,
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails