

**Financial Scrutiny and Audit
Committee**

9 February 2016
Agenda Item No 14

Counter Fraud, Corruption and Bribery Strategy
Report by Head of Finance

Summary: This report provides a revised Counter Fraud, Corruption and Bribery Strategy for consideration by the committee.

Recommendation: That the strategy be adopted.

1 Introduction

- 1.1 The Authority's existing Counter Fraud, Corruption and Bribery Strategy was last updated in July 2012 and is now due an update. The draft strategy is attached with track changes so members can easily identify the amendments.
- 1.2 A review has been undertaken of CIPFA's guidance and best practice among National Parks. This has resulted in a few changes to the existing strategy with the update to the definitions, reference to Money Laundering under the Proceeds of Crime Act 2002, as amended by the Serious Organised Crime and Police Act 2005 and the update of job titles. These amendments have been considered by Management Team.
- 1.3 Once the strategy has been adopted the next step will involve consultation with other departments who handle cash with a view to updating the finance regulations. This will involve implementing procedures to ensure that the Authority is compliant with legislation but not being over cumbersome in its approach.

Background papers: CIPFA Code of Practice Guidance Managing the Risk of Fraud and Corruption

Author: Emma Krelle
Date of report: 13 January 2016

Broads Plan Objectives: None

Appendices: APPENDIX A – Counter Fraud, Corruption and Bribery Strategy

Broads Authority

Counter Fraud, Corruption and Bribery Strategy

INTRODUCTION TO THE STRATEGY

Statement of Intent

- 1.1 The Broads Authority is committed to carry out its business in a fair, honest and transparent manner. As such, the Authority has a zero tolerance approach to those who seek to commit an act of fraud, corruption, [money laundering](#) or bribery towards, or against it.
- 1.2 To safeguard itself against such activities, the Authority has developed a counter fraud culture, supported by a framework designed to encourage the prevention and detection of fraud, corruption and bribery in the event of allegations being received, and to establish appropriate arrangements for their investigation. All such provisions seek to minimise potential losses to the Authority in the event of it being subject to fraudulent or corrupt practices.
- 1.3 The Authority is committed to maintain, and to regularly monitor, review and update, appropriate processes and procedures which will minimise the risk of losses from fraud, corruption or bribery, and to ensure that all members and members of staff are aware of their responsibilities to comply with these procedures at all times.

2. Objectives of the Strategy

- 2.1 The key objectives of this Strategy are to:
 - increase staff and member awareness of the corporate counter fraud culture which the Authority actively supports and encourage individuals to promptly report suspicions of fraudulent and corrupt behaviour;
 - communicate to partners, suppliers, contractors and other organisations that interact with the Authority that it expects them to maintain high standards aimed at minimising fraud and corruption in their dealings with the Authority;
 - further embed and support the management of fraud risk within the Authority;
 - demonstrate the arrangements that the Authority has in place to counter fraud, corruption, [money laundering](#) and bribery; and
 - minimise the likelihood and extent of losses through fraud and corruption.

3. Why is the Strategy Needed?

- 3.1 The Broads Authority is reliant on its various funding sources in order to carry out its duties and deliver its key aims and objectives in the Broads Plan ~~2014~~. As a public body it has a duty to promote effective stewardship and value for money in the use of its funds, to be accountable to its stakeholders in the use of that money and to ensure that procedures are put in place to minimise the risk of losses through fraud, corruption, [money laundering](#) or bribery.

- 3.2 As well as resulting in lost income, and reducing the funds available to be spent on key service delivery, instances of fraud, corruption, [money laundering](#) and bribery are likely to impact on the reputation of the Authority, and result in a loss of confidence that can be placed in the Authority and its procedures.
- 3.3 Historically, the Broads Authority has had relatively low levels of detected fraud activity in relation to its business operations. Where such activity has been identified, prompt action has been taken and sanctions imposed, as appropriate. However, even though fraud may not previously have been prevalent, it is important to remain vigilant, and to maintain, and regularly monitor, review and update, appropriate processes and procedures to ensure that any potential opportunities for fraud and corruption are minimised, in order that resources can be used for their intended purpose.
- 3.4 The Bribery Act 2010 places an expectation on organisations that they will have appropriate and adequate procedures in place to minimise the risk of bribery taking place. This Strategy seeks to reduce this risk, and to outline the Authority's anti-bribery approach

4. Definition of Fraud, Corruption, [Money Laundering](#) and Bribery

- 4.1 The ~~Chartered Institute of Public Finance and Accountancy (CIPFA) Fraud Act 2006~~ defines fraud ~~by three classes as: false representation, failure to disclose information or by abuse of “the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain” position. In all three classes of fraud, it requires that for an offence to have occurred, the person must have acted dishonestly, and that they had to have acted with the intent of making a gain for themselves or anyone else, or inflicting a loss (or a risk of loss) on another.~~
- 4.2 Examples of fraud committed against the Authority might include the creation and submission of fake invoices for goods or services never received, ~~false or inflated expense claims, under recording of cash receipts, misappropriation of stock~~ or an application for a job falsely claiming to hold certain qualifications. As these examples demonstrate, fraud can occur in a number of ways, need not always be related to loss of money, and can involve staff, members or even people outside of the organisation.
- 4.3 ~~CIPFA defines “Corruption has a number of definitions but can simply be defined as the abuse of entrusted power for private gain. It is often linked to Bribery, as “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”. This might usually be described as bribery—for example, if a member of the public attempted to offer an incentive to ensure that a planning application was approved, or conversely if a member of staff accepted or asked for something of material value from contractors, suppliers or other persons, in return for the award of a contract to provide services/goods to the Authority.~~
- 4.4 ~~The legal framework for fraud and corruption is defined by a number of acts. Primarily, the Fraud Act 2006 establishes a criminal liability for fraud through either false representation, failing to disclose information or abuse of position.~~

~~Section 17 of the Theft Act 1968 creates an offence of destroying, defacing, concealing or falsifying any account, record or document made, or required, for any accounting purposes.~~

4.3 CIPFA describes Money Laundering as disguising criminally sourced cash or property in order to give the appearance of legitimacy. This is done by mixing the criminal transactions with the legitimate transactions of businesses.

4.45 The Bribery Act 2010: Quick start guide defines bribery as 'giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so. makes it an offence to attempt to bribe someone, or receive a bribe where that may result in improper discharge of a public function. It The Act includes two general offences covering the offering, promising or giving of an advantage, and the requesting, agreeing to receive or accepting of an advantage.

5. The Corporate Framework to Counter Fraud, Corruption and Bribery

5.1 The Authority has in place a number of policies, procedures and practices that are designed to support this Strategy in countering and preventing fraud occurring. These take account of legislation and expected standards in respect of public life. A summary of the key arrangements in place is set out at Appendix 1, together with a list of the officers responsible for these arrangements.

5.2 In addition to these there are a number of officers who have direct and overarching responsibilities and roles in respect of countering fraud, corruption and bribery. These roles and responsibilities are set out at Appendix 2.

5.3 The Authority also has in place a Risk Management Policy and a Strategic Risk Register. Overall responsibility for risk management lies with the Director of Change Management and Resources (Head of Governance and Executive Assistant from April 2013) Solicitor and Monitoring Officer who is charged with ensuring that the risk of fraud and corruption is appropriately recognised within the risk framework, and managed accordingly. The Risk Management Policy is reviewed and where appropriate updated at least annually, whilst the Strategic Risk Register is reviewed annually by the Management Forum and the Financial Scrutiny and Audit Committee. Nominated risk owners are responsible for individual risks, and these should be reviewed not less frequently than every six months.

THE AUTHORITY'S ANTI-FRAUD, CORRUPTION AND BRIBERY CULTURE

6. The Cultural Framework

6.1 The Authority is determined to promote a culture of honesty, integrity and opposition to fraud, corruption and bribery. The prevention and detection of fraud, corruption and bribery is the responsibility of all members and members of staff.

6.2 To this end, the Authority has adopted a Code of Conduct for its members and a Code of Conduct for Employees which promote standards of conduct and behaviour expected when representing the Authority. Both of these documents are available on the Authority intranet, which is intended to promote and maintain behaviour consistent with the Seven Principles of Public Life (the Nolan Principles) – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Comment [A1]: Duplication of 7.1

6.3 The Authority has ~~also introduced a Code of Conduct for Employees, which sets out the standards of conduct and behaviour required by its staff when carrying out their duties and responsibilities, and~~ a Whistle Blowing Policy, which encourages employees, members and other parties to raise concerns, in the knowledge that they will not suffer victimisation or harassment as a result.

6.4 The Authority seeks to be as open and transparent as possible in the way it conducts its business and makes decisions. The Terms of Reference of Committees, and Scheme of Powers Delegated to Officers, set out the decision-making framework within the Authority, and demonstrate where functions may be delegated. The Authority publishes details of all expenditure over ~~£2500~~ on its website, and will endeavour to meet all the requirements of Government as set out in the Code of Recommended Practice for Local Authorities on Data Transparency.

7. Members

7.1 The Localism Act 2011 places a duty on the Authority to promote and maintain high standards of conduct by its members and co-opted members. Members are required to observe the Authority's Code of Conduct, which is intended to promote and maintain behaviour consistent with the Nolan Principles. They are also required to register and disclose certain interests, including pecuniary interests, both in a Register of Interests and, where appropriate, verbally at the commencement of all meetings.

7.2 The Authority has also developed arrangements for dealing with complaints that a member has failed to comply with the Code of Conduct, and has appointed two Independent Members, one of whom will be consulted before any standards complaints are determined.

7.3 Details of the Register of Interests, Code of Conduct and arrangements for dealing with standards allegations are all on the Authority's website and available for inspection by members of the public.

7.4 The Financial Scrutiny and Audit Committee is responsible to the Broads Authority for the Counter Fraud, Corruption and Bribery Strategy, including the adequacy and effectiveness of the arrangements for counter-fraud and whistle blowing, and maintaining an oversight of the systems for corporate governance and internal control.

8. Employees

8.1 A successful anti-fraud culture is one where acts of fraud and corruption are widely recognised as unacceptable behaviour and whistle blowing is perceived as a public-spirited action. The Authority has put in place a number

of policies, procedures and other actions to promote an anti-fraud culture to the Authority's officers, as detailed in Appendix 1.

- 8.2 All officers must abide by the Code of Conduct for Employees, which sets out the standards of behaviour and conduct expected of them. Professionally qualified officers are also expected to follow any Code of Conduct or Ethics as required by their professional institute.
- 8.3 The Authority has disciplinary procedures which are designed to ensure consistent and fair treatment of all staff in dealing with any breaches of conduct. Any breach of conduct will be dealt with under these procedures and may result in dismissal.
- 8.4 The Code of Conduct includes guidelines for the receipt of gifts and hospitality, and requires senior officers to declare certain personal interests which could be perceived to conflict with their professional impartiality.

9. Partners, Suppliers, Contractors and Other Organisations that interact with the Authority

- 9.1 The Authority expects the highest standards of conduct from all organisations that have dealings with it. Any partners, suppliers, contractors and other third parties funded by or in receipt of payments from the Authority are required to adopt or abide by the Authority's policies, procedures, protocols and codes of practice, where appropriate, in order to prevent and detect fraud, corruption, [money laundering](#) and bribery.
- 9.2 All transactions with suppliers and other organisations will be entered into in line with the Authority's Standing Orders Relating to Contracts. These make appropriate provisions for declaring interests and the circumstances where such regulations may not apply, and rules regarding entering into contracts and varying contract conditions. In addition, prior to entering into significant, ongoing transactions, due diligence checks are undertaken to ensure that suppliers have an appropriate financial and risk profile before transactions are entered into.

COUNTER FRAUD PREVENTION AND DETERRENCE

10. The Internal Control Environment

- 10.1 The Authority's internal control environment plays a key role in ensuring that fraud can be prevented. Soundly designed systems, with adequate checks built into them, minimise the opportunities for untoward activities. This can be through automated controls, or through management oversight of transaction activity.
- 10.2 Managing the risk of fraud, corruption and bribery is the responsibility of Directors and Section Heads within individual Directorates and service areas, working within the overall framework developed by the Authority and the Management Team. Whilst managers retain responsibility for the oversight of the internal control environment within their specific service areas, internal and external inspections play an important role in ensuring that operational arrangements are working effectively. An Annual Audit Plan is developed by the Head of Internal Audit each year, in consultation with the Management

Team, based on a risk based approach and having regard to those areas where there is the greatest potential for fraud, corruption and bribery, which provides a check on those services and systems (financial and non financial) that are subject to the highest level of inherent risk. Furthermore, in the course of completing audit assignments, recommendations will be put forward aimed at strengthening systems of internal control which are designed to remove potential opportunities for fraud and corruption in the future.

11. Recruitment and Induction

- 11.1 A key preventative measure against the possibility of fraud, corruption and bribery is to have in place a robust recruitment process which establishes, as far as reasonably possible, the propriety and integrity of potential employees. This includes temporary and contract staff. Agencies providing temporary staff should be required to confirm references have been obtained and validated.
- 11.2 All recruitment should be in accordance with the Authority's standard recruitment procedures. Written references should be obtained for all potential employees and any relevant qualifications should be confirmed prior to appointment.

12. Promotion

- 12.1 The Authority undertakes to promote successful outcomes from counter fraud activities, particularly where this may deter others from undertaking dishonest activities.
- 12.2 In addition the Authority commits to promoting an anti-fraud culture through encouraging staff and members, as [part](#) of their induction programmes, to familiarise themselves with the relevant Code of Conduct, the Whistle Blowing Policy and this Strategy, to make them aware that the Authority will not tolerate improper behaviour.

DETECTING AND INVESTIGATING FRAUD, CORRUPTION, [MONEY LAUNDERING](#) AND BRIBERY

13. Detecting Fraud that has Occurred

- 13.1 The Authority has in place a number of measures designed to detect fraudulent activity.
- 13.2 ~~Managing the risk of fraud, corruption and bribery is the responsibility of Directors and Heads of Service within their area of activity.~~ The Authority therefore expects its senior managers to be vigilant regarding the possibility of fraud, corruption, [money laundering](#) or bribery and to report any suspicious activities.
- 13.3 Despite best efforts, fraudulent or corrupt activity can sometimes be discovered by chance or through a 'tip off' or whistle blowing incident. The Authority has developed appropriate arrangements to enable such matters to be handled through the Whistle Blowing Policy.

Comment [A2]: Duplication of point 10.2

- 13.4 The Code of Conduct for Employees also requires employees to report to their immediate line manager, Head of Section or other officer any suspicions of impropriety, dishonesty or failure to follow legislation or policies and procedures by another employee.
- 13.5 In addition the work of Internal Audit and the Authority's External Auditors may lead to the detection of fraud.

14. Investigation of Fraud that has Occurred

- 14.1 The Head of Internal Audit has overall responsibility for the progression of all fraud investigations, in consultation with the ~~Director of Change Management and Resources~~ (Director of Planning and Resources ~~from April 2013~~). There are provisions in the Internal Audit Services contract to engage Counter Fraud trained auditors from ~~Deloitte Public Sector Internal Audit TIAA~~ Ltd, to work under the direction of the Head of Internal Audit, and in consultation with the ~~Director of Change Management and Resources~~ (Director of Planning and Resources ~~from April 2013~~).
- 14.2 Appendix 3 sets out a Fraud, Corruption and Bribery Response Plan, detailing how the Authority will respond when a concern or an event has been raised, leading to a suspicion of fraud or corruption. In all cases the Head of Internal Audit should be consulted regarding potential cases of fraud and corruption, in order to maintain a corporate overview of incidents arising and ensure that investigations are carried out by the appropriate personnel (e.g. ~~Deloitte TIAA~~ Auditors, the ~~Head of Internal Audit~~~~Audit Management Team~~, the relevant Director ~~or~~ Head of Human Resources, depending on the nature of the case reported).
- 14.3 The Solicitor and Monitoring Officer is responsible for monitoring and ensuring the investigation of whistle blowing concerns received. Where such cases involve an instance of fraud and corruption, these will be jointly overseen by the Solicitor and Monitoring Officer and the Head of Internal Audit.
- 14.4 The Head of Internal Audit will notify External Audit promptly of all frauds occurring at the Authority which exceed £5,000, and any cases of corruption and any fraud cases of particular interest or complexity. Any such instances of fraud or suspected fraud will be discussed with external Audit at the annual Audit Planning Meeting.

SANCTIONS AND REDRESS IN RESPECT OF FRAUD, CORRUPTION, ~~MONEY LAUNDERING~~ AND BRIBERY

15. Taking Action where Required

- 15.1 Where it has been identified that fraud or corruption has occurred, the Authority is committed to ensuring that all appropriate sanctions and courses of redress are undertaken.
- 15.2 Although the Authority's primary means of sanction of employees is through its Disciplinary Procedures, this does not preclude the Authority from taking additional action should it consider this to be necessary.

- 15.3 The Authority will seek to work closely with other parties, in particular the Police, where appropriate. It also has a public duty to seek financial redress, where feasible.

REVIEW

16. Review

- 16.1 This Strategy has been approved by the Management Team and by ~~the~~ [Financial](#) ~~the Financial~~ Scrutiny and Audit Committee. It will be reviewed and if necessary updated on a regular basis, at least annually, and any significant changes will be brought to the attention of the Management Team for their approval. Responsibility for ensuring that regular reviews are carried out lies with the ~~Director of Change Management and Resources~~ (Director of Planning and Resources ~~from April 2013~~).

~~June 2012~~ [January 2016](#)

APPENDIX 1

Policy / Strategy	Purpose	Responsible Officer
Code of Conduct for Members	Under the provisions of the Localism Act 2011, the Broads Authority is required to adopt a code of conduct setting out the standards of behaviour expected of its members. The Authority has adopted the model code prepared by the Department for Communities and Local Government (DCLG). All new members to the Authority receive guidance and training on the implementation of the Code.	Head of Governance and Executive Assistant Solicitor and Monitoring Officer
Registration and Declaration of Interests	Members of the Authority are required to enter onto a Register of Interests any pecuniary or non-pecuniary interests which might relate to their public duty, and to declare these interests at all meetings of the Authority and its committees. The Register of Interests may be viewed by members of the public on request.	Head of Governance and Executive Assistant Solicitor and Monitoring Officer
Terms of Reference of Committees	These set out the powers reserved to the Broads Authority and to its various committees.	Director of Change Management and Resources (Head of Governance and Executive Assistant from April 2013) Solicitor and Monitoring Officer
Scheme of Delegated Powers	These set out the powers which are delegated to the Chief Executive, and the conditions under which these powers can be discharged. They are supplemented by Arrangements for the Exercise of Powers by Other Officers, setting out those officers who are authorised to exercise powers in the absence of the Chief Executive.	Director of Change Management and Resources (Head of Governance and Executive Assistant from April 2013) Solicitor and Monitoring Officer
Code of Conduct for Employees	All members of staff are required to comply with the Code of Conduct for Employees, and Planning Officers with the Code of Conduct for Planning Committee Members and Officers. The Code of Conduct includes guidelines for the receipt of gifts and hospitality, and requires senior officers to declare certain personal interests which could be perceived to conflict with their professional impartiality.	Head of Human Resources

Whistle Blowing Policy	The Whistle Blowing Policy sets out how employees can raise concerns within the organisation without fear of victimisation or harassment.	Director of Change Management and Resources (Head of Human Resources from April 2013)
Financial Regulations	Financial Regulations set the framework for the administration of the Authority's financial affairs, including all systems and transactions.	Head of Finance
Standing Orders Relating to Contracts	These Standing Orders set out the rules and procedures which must be complied with when letting contracts for goods and services on behalf of the Authority. They endeavour to ensure fair competition between competing organisations.	Head of Finance
Internal Financial Controls	Internal control systems are in place to ensure that the Authority's finances are managed in a safe and efficient manner. These include physical controls to ensure security of assets and restrict access, clear lines of accountability, supervisory controls, segregation of duties and authorisation/approval controls.	Head of Finance
Internal Audit	The Authority is a member of a consortium of local authorities who jointly procure an internal audit service. The service is administered by the Head of Internal Audit, who is based at the offices of South Norfolk Council, and is currently contracted out to TIAADeloitte . An annual programme of audits is drawn up in conjunction with the Head of Internal Audit using a risk based approach.	Director of Change Management and Resources (Head of Finance from April 2013)
Recruitment and Selection of Staff	A number of controls are in place relating to the recruitment and selection of staff, including completion of an application form, interviews, references and obtaining a 'defined document' to confirm that the employee is eligible to be employed in this country. Under certain circumstances other checks are made, for example relating to the prospective employee's medical condition and suitability to work with children and vulnerable adults.	Head of Human Resources

APPENDIX 2

Roles and Responsibilities for Countering Fraud, Corruption, [Money Laundering](#) and Bribery

Stakeholder	Roles and Responsibilities
Broads Authority	The Authority is ultimately responsible for the Authority's Counter Fraud, Corruption, Money Laundering and Bribery Strategy and other arrangements.
Individual Members	Members support and help to promote a strong counter fraud culture through: <ul style="list-style-type: none"> • promoting the Authority's lack of tolerance towards acts of fraud and corruption; • ensuring that they comply with the Authority's Code of Conduct for Members, thus setting a strong public example; and • raising matters of concern that they may have through the appropriate means.
Financial Scrutiny and Audit Committee	Responsible to the Authority for the Counter Fraud, Corruption and Bribery Strategy, including the adequacy and effectiveness of the counter fraud and whistle blowing arrangements.
Chief Executive	The Chief Executive is ultimately responsible for the day to day arrangements to counter fraud, corruption and bribery.
Director of Change Management and Resources (Head of Governance and Executive Assistant from April 2013)	Responsible for the Authority's arrangements to manage risk, including the Risk Management Policy and Strategic Risk Register.
Solicitor and Monitoring Officer	Responsible for the Authority's arrangements to manage risk, including the Risk Management Policy and Strategic Risk Register. The Monitoring Officer also provides support to members as required on matters of ethical and governance issues, and may receive concerns raised from members, the public and other stakeholders.
Treasurer and Financial Adviser/ Section 17 Officer	The Section 17 Officer is responsible for ensuring that the Authority has in place arrangements for the proper administration of its financial affairs.

External Audit	The external auditors have a statutory duty to ensure that the Authority has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Internal auditors will be alert in all their work to risks and exposures that could allow fraud or corruption to occur and seek to strengthen systems of internal control to safeguard the Authority against such activities and minimise losses arising from such actions.
Head of Internal Audit	The Head of Internal Audit is responsible for managing the Internal Audit service, including developing an Annual Audit Plan which includes counter fraud and corruption work. There is also a requirement to assist with special investigations (where cases of fraud and/or corruption are suspected) and provide reports to management, the Financial Scrutiny and Audit Committee and External Audit regarding work carried out in this area.
Directors and Heads of Service	These officers are responsible for the management and prevention of theft, fraud, corruption and other irregularities within their area of responsibility. Each officer is expected to: <ul style="list-style-type: none"> • identify, be familiar with and assess the types and risks of fraud or corruption that might occur within their area of responsibility; • promote and monitor sound working practices which minimise the likelihood of fraud and corruption occurring; • promote the Strategy where appropriate with any external organisations they may do business with; • be alert for any indication of fraud or corruption; and • be ready to take appropriate action in a timely way, should there be any suspicion of theft, fraud or corruption.
Members of Staff	Staff should undertake their duties at all times in line with the Authority's Code of Conduct for Employees. They have a responsibility to raise any concerns, should they become aware of any potential fraud, corruption or other wrongdoing, with an appropriate officer (who could be their line manager, Head of Section or Director, the Monitoring Officer, the Head of Internal Audit or any other senior officer).
Partners, Contractors, Suppliers and other organisations that interact with the Authority	These organisations should be aware of the need to uphold anti-fraud principles and be aware of the possibility of malpractice against the Authority, reporting any genuine concerns or suspicions promptly.

Members of the Public	To notify the Authority of any genuine concerns or suspicions involving fraudulent or corrupt activities being committed against the Authority.
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APPENDIX 3

Fraud, Corruption and Bribery Response Plan

1. Introduction

- 1.1 The purpose of this Response Plan is to set out the action to be taken when a fraud is suspected or discovered. This Plan forms part of the Authority's overall approach to countering fraud, corruption and bribery.
- 1.2 Adhering to the Plan will enable the Authority to ensure that all incidents of fraud and corruption are handled in a consistent and responsible manner and that the relevant responsibilities when responding to an incident are clear.

2. Reporting Concerns of Fraud, Corruption and Bribery

- 2.1 Anyone who has a concern that a potential incident of fraud, corruption, [money laundering](#) or bribery has arisen should always seek to raise these concerns at the earliest opportunity. The Authority acknowledges that this can be a difficult and challenging action to take in some cases, and the Whistle Blowing Policy has been established to provide those raising concerns with a safe avenue with which to do so without fear of victimisation or bullying. It also offers sources of advice and guidance that they may turn to.
- 2.2 The Whistle Blowing Policy makes clear that the Authority will always respect the confidentiality of those who raise a concern. Wherever possible, it encourages the whistle blower not to remain anonymous, to ensure that concerns can be set out in writing to ensure that the facts of the situation are clarified.
- 2.3 Wherever the concern raised or identified relates to a matter of fraud, corruption, [money laundering](#) or bribery, the Head of Internal Audit should be notified in order that they can ensure appropriate investigatory measures are undertaken. Wherever possible, and whilst respecting confidentiality, the Head of Internal Audit will work with other officers to ensure that appropriate members of staff and others are kept informed of developments. In particular it may be necessary to notify the Section 17 Officer and Management Team. The Head of Internal Audit and Solicitor and Monitoring Officer should liaise to ensure that cases raised in respect of whistle blowing are appropriately addressed, and to ensure that the Head of Internal Audit is aware of all issues that may impact upon delivery of the Annual Audit Plan.

3. Reacting to Reports of Fraud, Corruption and Bribery

- 3.1 All reported cases will be handled in a fair and consistent manner. The Authority will remain mindful of the legislative framework governing the investigation of concerns, and in particular the :
 - Freedom of Information Act 2000;
 - Data Protection Act 1998;
 - Human Rights Act 1998;

- [Criminal Procedures and Investigations Act 1996](#) [Proceeds of Crime Act 2002 as amended by the Serious Organised Crime and Police Act 2005](#); and
- Police and Criminal Evidence Act 1984.

3.2 As the Whistle Blowing Policy identifies, if an individual raises a malicious allegation they know to be untrue, then the Authority will not investigate the case further. The Authority will also endeavour to be sensitive to the alleged wrongdoers, to ensure minimisation of damage if, subsequently, the allegations are found to be incorrect or cannot be substantiated.

4. Conducting Investigations

4.1 The Head of Internal Audit is responsible for overseeing the progress of fraud, corruption and bribery investigations to ensure they are undertaken in a consistent and appropriate manner, in accordance with legislative requirements and agreed procedures. If the concern directly affects the Head of Internal Audit, this role will be adopted by the Solicitor and Monitoring Officer.

4.2 The Head of Internal Audit will also remain responsible for liaising with the Chief Executive and other senior managers as appropriate regarding the incident raised and the progression of the investigation. In such cases the liaison officer will be the ~~Director of Change Management and Resources~~ (Director of Planning and Resources ~~from April 2013~~), unless this officer is the subject of or is otherwise linked to the investigation, in which case the Chief Executive will nominate an alternative liaison officer. Should disputes arise during the course of an investigation, these will be referred to the appropriate liaison officer (and, if necessary, the Chief Executive) to assist resolution.

4.3 In the event that the Chief Executive is the subject of or otherwise linked to the allegation, the Head of Internal Audit will liaise with the Chairman of the Authority.

4.4 A number of options will usually be considered when determining who will be responsible for undertaking investigative work, but for the most part the Head of Internal Audit, in conjunction with the ~~Director of Change Management and Resources~~ (Director of Planning and Resources ~~from April 2013~~) will agree the method and terms of reference for the investigation. Although it is acknowledged that flexibility will be required depending on the nature of the case, it is expected that the following will need to be considered:

- who will conduct the investigation;
- the arrangements for collecting and documenting evidence;
- the estimated time span for the investigation;
- the need for direct referral to/liaison with other authorities (e.g. the Police);
- the mechanism for reporting progress and the final outcomes; and
- liaison with the Head of Human Resources regarding the need for potential suspension / transfer /disciplinary action relating to the alleged wrongdoers.

- 4.5 Where it is deemed necessary to refer cases to the Police, careful consideration will be given as to whether to proceed with an internal investigation. However it is expected that all staff, members and third parties will comply with both internal and Police investigations as appropriate, and wherever possible Authority and Police enquiries will be co-ordinated to maximise their effectiveness.
- 4.6 Upon completion of any investigation, a report will be produced highlighting the main findings. The report will be reviewed by the Head of Internal Audit, who will be responsible for identifying any further action which may be needed in consultation with other appropriate officers (e.g. the Head of Human Resources if disciplinary action may be required). Where it has been found that fraud, corruption or bribery has occurred, a summary of the findings will be presented to the Management Team, and in due course a summary report will be prepared for the Financial Scrutiny and Audit Committee, setting out what mitigating actions will be taken to avoid or minimise the possibility of a recurrence of the incident. Where fraud, corruption or bribery could not be proven, the findings will only be shared with those who have a genuine and legitimate need to know.
- 4.7 The Head of Internal Audit will keep the person raising the concern informed of the progress of the investigation, but will not necessarily be able to share either the report or the conclusions of the investigation with that person or persons. Where this relates to a whistle blowing case, the Head of Internal Audit will continue to work with the Solicitor and Monitoring Officer in this regard.
- 4.8 It is the responsibility of management to ensure that any losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. There are various methods of recovery the Authority can utilise, for example directly from the perpetrator, through the Authority's insurers, or through legal proceedings. The appropriate method of recovery will be considered on a case-by-case basis by the Management Team, where appropriate on the advice of the Head of Internal Audit and/or Solicitor and Monitoring Officer.

5. General Processes

- 5.1 This Fraud, Corruption and Bribery Response Plan will be displayed on the Authority's Intranet, in order that it is available to all members of staff. It is acknowledged that circumstances will differ from case to case, and the Authority reserves the right, where it is in the best interests to do so, to carry out investigations in ways which are not entirely in accordance with this Plan. However notwithstanding that, the Authority will seek to ensure that, where possible, all investigations are carried out in a consistent manner.
- 5.2 The Head of Internal Audit will remain responsible for ensuring that records in respect of fraud cases are appropriately maintained, and, in line with guidance issued by The National Archive, records relating to proven frauds will be maintained for at least six years.