



Anti-Fraud, Corruption and Bribery Policy

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde
Lancashire
FY6 7PU

Approved by the Audit Committee 19 November 2019

1 Introduction

- 1.1 Wyre Council is a large and complex organisation that employs approximately 323 full time equivalent staff and in 2018/19 spent approximately £56 million on providing services for the local community. Unfortunately, like all other organisations, it faces the possibility of fraud, corruption and bribery. This may be from within, by employees or members, or from outside, by other organisations and individuals with whom it has contact.
- 1.2 In carrying out its duties and responsibilities, the Council is determined to do everything it reasonably can to deter fraud, corruption and bribery and is committed to maintaining and further developing an effective anti-fraud, corruption and bribery culture.
- 1.3 The Anti-Fraud, Corruption and Bribery Policy is based on a series of comprehensive and inter-related procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts affecting the Council.
- 1.4 An effective strategy depends on support across the Council. It is designed to:
- Encourage prevention,
 - Ensure deterrence,
 - Promote detection, and
 - Identify clear pathways for its investigation.
- 1.5 The objective is to create an effective anti-fraud culture throughout all areas of Council activity, including all partnerships, all dealings with suppliers and contractors, and through engagement with our customers.
- 1.6 We recognise that any member of staff engaging in fraud, corruption or bribery will reflect adversely on our image and reputation and of the public sector in general, therefore to limit the risk to exposure we:
- publish a clear anti-fraud, corruption and bribery policy which is reviewed annually;
 - ensure all staff can recognise and avoid the use of fraud, corruption and bribery by themselves and others;
 - hold annual operational risk workshops where we will identify and document any fraud, corruption or bribery risks;
 - make sure all our business partners are aware of the Council's counter fraud policies and that their staff must abide by them;
 - encourage our employees to be vigilant and report any suspicions of malpractice;
 - ensure that our policies and control systems are audited regularly and are fit for purpose;
 - address conflicts of interests and the risks created by gifts and hospitality through corporate policies;
 - investigate instances of alleged fraud, corruption and bribery and assist the police and other appropriate enforcement agencies in any resultant action; and

- take appropriate action against any member of staff, who engages in fraud, corruption or bribery.

2. Definitions

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines **Fraud** as 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.”*

The Fraud Act 2006 further defines fraud in three classes:

- False representation;
- Failure to disclose information where there is a legal duty to do so; and
- Abuse of position.

- 2.2 CIPFA defines **Bribery** as *“an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage”*

The Bribery Act 2010 came into force on the 1 July 2011. The full Act can be viewed at this link. <https://www.gov.uk/government/publications/bribery-act-2010-guidance>

- 2.3 CIPFA defines **Corruption** as the *“offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.”*

3. Establishing the Right Culture

- 3.1 Local authorities start from a strong position. High standards of accountability, stewardship, probity and propriety are expected of public bodies. In the main these expectations are met. The Council supports the ‘Seven Principles of Public Life’ which have been set down by the Nolan Committee (Appendix C)

- 3.2 To an extent, the need for accountability and good stewardship is enshrined in statute and regulation. For example:

- The Council must appoint a “Responsible Financial Officer” who has personal responsibility for sound financial systems (Section 151 Officer);
- The Authority is required to ensure that adequate and effective internal audit arrangements exist within the organisation;
- Independent External Auditors are appointed to scrutinise the Council’s business;
- Procedures exist for the public to inspect the Council’s accounts and to question the External Auditors;
- The Council is required to appoint a Monitoring Officer to monitor the lawfulness and fairness of decision-making;
- Decisions are made in public, save for the limited prescribed circumstances where the need for confidentiality is paramount;

- Members of the public can request the Local Government Ombudsman to investigate cases of alleged maladministration.
- 3.3 The Council welcomes these high levels of scrutiny and regulation. Moreover, it is keen to observe not only the letter of the law but also its spirit. Key decisions made by both elected members and officers are open to scrutiny via the Overview and Scrutiny Committee. Nevertheless it would be naive and complacent to assume that these measures alone will prevent and deter all instances of fraud, corruption and bribery. Rather, these statutory requirements should be regarded as the foundation stones on which the Council aims to build an organisation that, through its everyday conduct at all levels, is constantly striving to observe best practice standards.
- 3.4 At the most fundamental level, the Council is determined that the culture and tone of the organisation will continue to be one of honesty and complete opposition to any form of fraud, corruption or bribery, wherever it occurs and by whoever it is committed. The Authority has adopted a Code of Corporate Governance identifying how the Council considers it demonstrates each of the core principles of good governance. The Council's expectation on propriety and accountability is that members and officers at all levels will lead by example.
- 3.5 In addition to expecting the very highest standards from its employees and members, there is an expectation and indeed a requirement that all individuals and organisations associated with the Council, such as contractors, partners, suppliers and users of Council services, will act with integrity. The Council expects all its partners, in both the private and public sectors, to establish sound governance arrangements and set high standards of probity, openness and integrity.
- 3.6 The Council's employees are an important element in its stance against fraud, corruption and bribery. It is the responsibility of senior managers to ensure that all staff are aware of what is expected of them and that the Employee Code of Conduct is followed at all times. Staff will continue to be encouraged to raise any concerns they may have on these issues and in particular, to report any suspicions of malpractice. The Council's Whistleblowing Policy provides protection for employees who wish to raise serious concerns about the conduct of individuals but are afraid of reprisals if they do so.
- 3.7 Suppliers, customers, partners and members of the public will normally raise concerns through the department with whom they deal. A Customer Feedback Scheme is in place which ensures that all complaints are addressed seriously and responded to in a timely fashion. However, there are other routes that may be followed if they feel that the complaints procedure is inappropriate or unlikely to provide a satisfactory outcome. These include:
- Their local Councillor
(contact details can be obtained from local libraries or the council's website at www.wyre.gov.uk)

- The Chief Executive
(Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire, FY6 7PU).
Mail to: Garry.Payne@wyre.gov.uk
 - The Head of Governance
(Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire, FY6 7PU).
Mail to: Joanne.billington@wyre.gov.uk
 - The Compliance Team
(Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire, FY6 7PU).
Mail to: Andrew.robinson@wyre.gov.uk
 - The Council's External Auditors
(Deloitte Paul Hewitson)
Mail to: phewitson@deloitte.co.uk
 - The Council's Monitoring Officer
(Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire, FY6 7PU).
Mail to: Liesl.hadgraft@wyre.gov.uk
 - The Legal Services Manager and Deputy Monitoring Officer
(Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire, FY6 7PU).
Mail to: Mary.grimshaw@wyre.gov.uk
- 3.8 The Council wishes to be seen to be robust in dealing with malpractice involving public funds, whoever is involved. Senior management are expected to deal swiftly and firmly with those who defraud the Council. Cases involving staff will usually lead to disciplinary action, which may result in dismissal, and referral to the Police for further action where appropriate.
- 3.9 Cases involving suppliers, customers or partners will usually be referred to the Police or the organisation's external auditors. In relation to complaints involving members, the Head of Governance will consult the Monitoring Officer on whether or not the complaint falls within the scope of the Members Code of Conduct. If so, the Council's procedures for dealing with a suspected breach of the members code will be followed.

4. Prevention

Staff

- 4.1 The Council recognise that a key preventative measure in the fight against fraud, corruption and bribery is to take effective steps at the recruitment stage to establish, as far as is possible, the previous record of potential employees in terms of their propriety and integrity. All appointments, whether permanent or temporary, should be afforded proper care and attention in this respect.
- 4.2 Written references will always be taken up and referees should be requested to provide information relating to a candidates honesty and trustworthiness that is true, accurate and fair in substance.
- 4.3 Independent confirmation of professional qualifications will be obtained before offers of employment are made in certain posts. When recruiting for posts that involve work with children or vulnerable adults the screening process must include

an assessment by Human Resources, including checks with the Disclosure and Barring Service.

- 4.4 Employees of the Council who are members of professional bodies are expected to observe the high standards advocated by those bodies, often outlined within specific codes of conduct. All employees must also abide by the guidance in the Employee Code of Conduct, which sets out the Council's expectations on standards of personal conduct. Senior Managers will ensure that all staff have a copy of or access (via the Intranet) to this document and are aware of its importance.
- 4.5 The Employee Code of Conduct is complemented by the Gifts and Hospitality, and Registering Interests Policy. This offers specific guidance on what staff should and should not do and about what should be recorded on the Register of Gifts, Hospitality and Interests. The Head of Governance maintains the central register and should be contacted if there are any queries concerning this policy. The Council's Monitoring Officer and Audit Committee inspects this register regularly.
- 4.6 The role that employees are expected to play in the Council's framework of internal control is explained in the induction pack and in other training, as appropriate. Internal controls feature strongly in the Council's Financial Regulations and Financial Procedure Rules. "Chief Officers" (as defined by these regulations) must ensure that relevant staff are fully aware of these requirements. Senior management should ensure that regular checking mechanisms do not break down during periods of sickness and/or posts falling vacant.
- 4.7 Managers should create an environment in which staff feel they can approach them with any concerns that they may have regarding suspected irregularities. Staff should also be aware of, and understand, how to report suspected fraud via the Council's Whistleblowing Policy. The Audit and Risk Management Section will assess the Council's knowledge of all its counter fraud policies on a regular basis.

Members

- 4.8 Elected members are expected to observe the highest standards of conduct, which are enshrined in the Member Code of Conduct. In particular, members are required to give a written undertaking to observe the Code and to declare financial and other interests that might be perceived to be in conflict with their role.
- 4.9 From time to time, members may be contacted by local people concerning suspicions of fraud, corruption and bribery relating to the Council's business. In such circumstances, the details of the concern should be passed to the Head of Governance who will ensure that the matter is investigated appropriately.

Systems

- 4.10 The Council has Financial Regulations and Financial Procedure Rules in place, supplemented by departmental administrative guidelines, that require staff to act in accordance with best practice when they are dealing with the Council's affairs. The Head of Finance (Section 151) has a statutory responsibility to ensure the

proper administration of the Council's financial affairs. An annual review of the Council's Financial Regulations and Financial Procedure Rules ensures that they provide an effective control in the discharge of this duty, in that they outline comprehensively the systems, procedures, controls and responsibilities of staff in relation to the Council's financial business. They apply to every member and officer of the authority and to everyone acting on its behalf. There are annual audits performed to assess compliance.

- 4.11 The Council is committed to operating financial and management systems and procedures, which incorporate efficient and effective internal controls. Strong internal controls are an effective safeguard over fraud committed from inside and outside the organisation. Senior Managers are responsible for ensuring that such controls are achieved and maintained. The Council's Audit and Risk Management Section carries out periodic reviews of all financial systems to ensure that these responsibilities are being met.
- 4.12 With regard to the use of modern IT systems, the Council is committed to ensuring that it takes effective measures for implementing and maintaining effective and efficient internal controls in computer systems. The Council is aware of the need to ensure that the risks associated with new technology such as hacking, virus infections and fraud arising from the use of networks (whether local, national or international) are addressed. The Council's IT Computer Use Policy can be viewed at the following link;
<http://intranet/services/IT%20Helpdesk/Pages/default.aspx>
- 4.13 Periods of change can be particularly critical to the prevention of fraud, corruption and bribery. Extra management supervision will be required during periods of change and when posts are vacant. The importance of controls against fraud in a new system will need to be considered by the managers undertaking the change. Audit and Risk Management must be informed of changes to key systems. These may either be financial systems, management systems or changes in the way information is collected prior to its use.
- 4.14 The Council operates within a competitive environment. Some of its teams are required to compete for the provision of services with external suppliers and providers. The Council expects the same high standards of probity and control of public money from all employees, irrespective of the extent of their exposure to competitive pressures.

Joint Working

- 4.15 Arrangements are in place (and are continuing to develop) to encourage the exchange of information between Councils in order to reduce fraud, corruption and bribery both locally and nationally. In seeking to prevent, detect and investigate Council Tax and Housing Benefit fraud the Council may also liaise with the Police, the Department for Works and Pensions, Her Majesty's Revenues and Customs and the Immigration Service.
- 4.16 The Council participates fully in the National Anti-Fraud Initiative. This is a biennial data matching exercise organised by the Cabinet Office, to pro-actively detect possible fraud.

5. Detection and Investigation

- 5.1 It is often the alertness of staff, members and the public, which enables detection to occur when there is evidence that fraud, corruption or bribery may be in progress. All cases in respect of benefit / Council Tax Support fraud should be referred to the Council's Compliance Team, telephone number 01253 887536.
- 5.2 All managers are responsible for the prevention and detection of fraud, corruption, bribery and other irregularities. Managers should pay special attention to particular circumstances that may indicate an irregularity. Examples are listed in Appendix A (*Examples of Fraud Indicators*).
- 5.3 Managers are required, in accordance with the Financial Regulations and Financial Procedure Rules to immediately inform the Head of Governance if a fraud or other irregularity is suspected. They should also ensure that:
- Any supporting documentation or other evidence is secured; and
 - Confidentiality is maintained so as not to prejudice any subsequent investigation.
- 5.4 Whilst staff are encouraged to initially report suspected irregularities to their line manager this may, on occasions, present difficulties. Staff may therefore contact the Head of Governance directly or consult alternatives as outlined in the Whistleblowing Policy.
- 5.5 Audit and Risk Management assists managers to discharge their responsibilities and when conducting audit assignments, they are alert to opportunities, such as control weaknesses that could allow fraud, corruption or bribery. If Audit and Risk Management discovers evidence of any irregularity, the relevant managers will be informed.
- 5.6 Reporting of suspected irregularities to Audit and Risk Management is essential because it:
- Ensures the consistent treatment of information;
 - Facilitates proper investigation, including appropriate liaison, at the correct stages, with the Police;
 - Ensures the proper implementation of relevant system improvements; and
 - Allows consideration of implications on a Council-wide basis.
- 5.7 On receipt of a complaint or allegation, the Head of Governance will, in conjunction with the Section 151 Officer and the Manager of the relevant section:
- Deal promptly with the matter;
 - Record all evidence, both oral and written;
 - Ensure that evidence is sound and adequately supported;
 - Ensure security of all evidence;
 - Contact and liaise with other agencies e.g. the Police; and
 - Notify the Council's insurers, if necessary.
- 5.8 Any necessary investigative activity will be conducted without regard to any person's relationship to the Council, position or length of service.

- 5.9 The decision to involve the Police will be taken by the Head of Governance after consulting the Section 151 Officer and the Legal Services Manager. The Police will usually be informed only after the conclusion of an internal investigation, unless it is advantageous to involve the Police from the outset. The Council will co-operate fully with the Police.
- 5.10 The Head of Governance will initiate investigations and interview relevant parties. Investigation results will not be disclosed to or discussed with anyone other than those with a legitimate need to know. This is important to avoid damaging the reputations of persons suspected, but subsequently found not guilty of wrongful conduct.
- 5.11 The Head of Governance will advise the relevant manager of the results of the investigation. The decision to take disciplinary action and the responsibility to ensure that this process is carried out according to the Council's Disciplinary Procedures lies with the respective manager.
- 5.12 The Head of Governance will if appropriate, following an investigation, make recommendations to management for changes to systems and procedures to ensure that similar frauds do not recur.
- 5.13 Wherever possible the Council will seek restitution for any losses suffered. This may include applying for monies to be recovered from the Pension Fund.
- 5.14 The Council's standard terms for contracts and tenders provide for contracts to be terminated and tenders to be rejected should any attempt at corrupt practice be discovered.
- 5.15 The Council's Compliance Team will investigate and conduct interviews under the requirements of the Police and Criminal Evidence (PACE) Act and this may lead to prosecution through the Courts.

6. Training

- 6.1 The Council recognises that the success and credibility of this policy will depend largely on its employees. The Council is committed to ensuring that its staff are well trained and well versed in their responsibilities in relation to fraud, corruption and bribery.
- 6.2 Employees who ignore the Council's guidelines and procedures may face the possibility of disciplinary action.

7. Measuring the Effectiveness of the Policy

- 7.1 The Council will carry out regular training / refresher exercises to provide assurance that the policy is known and understood by the Council's employees.

8. Conclusions

- 8.1 The Council has in place a clear framework of systems and procedures to assist it in the fight against fraud, corruption and bribery. It is determined to ensure that these systems:

- Are complied with;
 - Keep pace with future developments; and
 - Are fully supported by staff and members.
- 8.2 The Council is committed to ensuring the wide circulation of this policy both internally and externally (via the Website) in order that **all** relevant parties understand the very high standards that this Council is determined to observe in **all** areas of its business.
- 8.3 This policy is supported by a number of other Council policies and procedures that are listed in Appendix B (Documents that support this policy).

Examples of Fraud Indicators

The following are examples of risk factors that may, either alone or cumulatively with other factors, suggest the possibility of fraud and may therefore warrant further investigation or enquiry.

- Unusual employee behaviour such as refusal to comply with normal rules and practices, failure to take leave, refusing promotion, managers bypassing subordinates, subordinates by-passing manager, living beyond means, job dissatisfaction/unhappy employee, secretiveness or undue defensiveness.
- Financial irregularities such as key documents missing (e.g. invoices, contracts); absence of controls and audit trails; missing expenditure vouchers or other official records; bank and ledger reconciliations not maintained or cannot be balanced; excessive movements of cash or transactions between accounts; numerous adjustments or exceptions; duplicate payments; large payments to individuals; excessive variations to budgets or contracts.
- Bad procurement practice; too close a relationship with suppliers/contractors; suppliers/contractors who insist on dealing with only one particular member of staff; unjustified disqualification of any bidder; lowest tenders or quotes passed over with minimal explanation recorded; defining needs in ways that can be met only by specific contractors; single vendors; vague specifications; splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval.
- Disorganisation for example: chronic understaffing in key areas, consistent failures to correct major weaknesses in internal control, inadequate or no segregation of duties. Continued resistance to assist with Internal Audit reviews and failure to act on audit recommendations.
- Inadequate supervision, policies not being followed, lack of senior management oversight, inadequate monitoring to ensure that controls work as intended, low staff morale, weak or inconsistent management.
- A poor corporate culture; where management frequently override internal control, a climate of fear exists or one where employees are under stress from excessive workloads and new employees resign quickly. Crisis management coupled with a pressured business environment leading to high employee turnover rates in areas with key control functions.
- Poor work practices, such as lack of common sense controls, work is left until the employee returns from leave, documentation that is photocopied or lacking essential information, lack of rotation of duties, unauthorised changes to systems and password access rights, sharing of passwords etc.

Documents that support this Policy

- The Council's Constitution.
- Scheme of Delegation.
- Annual Governance Statement.
- Financial Regulations and Financial Procedure Rules.
- Employee Code of Conduct.
- Member Code of Conduct.
- Member/Officer Protocol.
- Whistleblowing Policy.
- Disciplinary Procedure.
- Gifts and Hospitality, and Registering Interests Policy.
- Policy for Members on gifts and hospitality, and registering interests.
- Customer Feedback Scheme.
- Audit Charter and Strategy
- Internal Audit Plan.
- Risk Management Policy
- IT Computer Use Policy
- The Bribery Act 2010
- The Fraud Act 2006
- Money Laundering, Terrorist Financing & Transfer of Fund Regulations 2017

Specific to the Compliance Team

- Case Officer's Code of Conduct.
- Code of Practice for the treatment and questioning of persons by Wyre Council case officers when investigating suspected offences of Council Tax Support Fraud.
- Prosecution, caution and penalty policy for cases of alleged offences concerning Council Tax Support.

Nolan Committee - Seven Principles of Public Life

SELFLESSNESS:

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY

Holders of public office should not place themselves under financial or other obligation to outside individuals or organisations that might influence them in performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choice on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decision and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.