

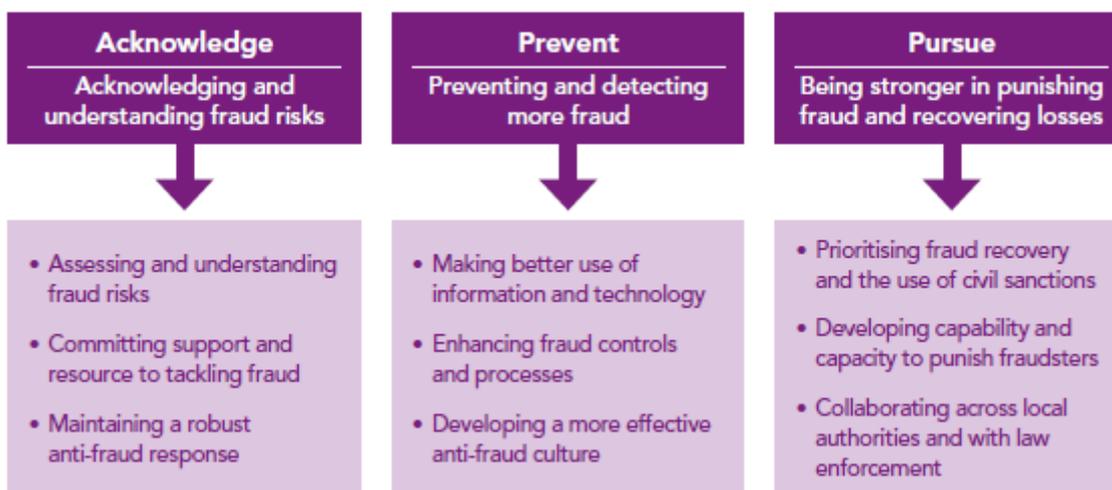
# Anti-Fraud and Corruption Policy and Procedure

## Policy Statement

The City of Wolverhampton Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the Council. Where appropriate arrangements will be made to ensure that such cases receive maximum publicity to deter potential fraudsters.

## Links to the Council's corporate plan themes and aims

One of the Council's key corporate plan themes is to be a confident, capable Council. This is underpinned by a series of aims including improving value for money across all services and improving governance arrangements and internal controls. In order to achieve these aims it is important that a zero tolerance to fraud stance is taken, and the threat of fraud is acknowledged, any fraudulent practises are prevented, and where perpetrated are detected, investigated and wherever possible any loss of monies is recovered. These are the goals and intended outcomes of this Policy, and are based around those of what was the National Fraud Authority's 'Fighting Fraud Locally Strategy' of "Acknowledge", "Prevent" and "Pursue":



## Introduction

The public are entitled to expect the Council to carry out its business with integrity, honesty and openness and to demand the highest standards of conduct from those working for it. This policy and procedure outlines the Council's commitment to creating an anti-fraud culture and maintaining high professional and ethical standards.

## What is Fraud?

For the Council's purpose fraud can be defined as the intentional distortion of financial statements or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain (this covers theft, false accounting,

bribery and corruption, deception, collusion, money laundering and identity theft). Examples of fraudulent activities include:

- The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers
- Destroying, defacing, concealing or falsifying any account, record or document required for an accounting purpose, with a view to personal gain or gain for another (including falsifying expenses claims and time records)
- Theft of cash and Council assets/property

## Consequences of Fraud

Where there are any incidents of fraud within the council, it carries several negative effects, not only for the Council, but also for the council's partners, the public and Council employees. Negative effects include adverse publicity, loss of assets (anything from time to money), loss of morale, reduced performance and loss of trust.

## Culture

The Council is committed to enhancing and actively promoting an anti-fraud and corruption culture where employees and the public can feel comfortable in voicing their concerns.

## Responsibility

### Who has responsibility for the detection of fraud, corruption and bribery within the Council?

Everyone has a responsibility for identifying and reporting any suspected instances of fraud, corruption and bribery to their line manager or, if required, direct to the Director of Finance (Section 151 Officer) or Audit Services.

### Employees

Employees are often the first line of defence in preventing fraud and are an integral part in quickly identifying fraud, corruption and bribery. All employees of the Council should be aware of their role and responsibilities as well as the policies/rules that they need to comply with, and the Council encourages any employee who suspects any irregularity to report it initially to their line manager, the Director of Finance (Section 151 Officer) or the Head of Audit as necessary.

### Senior officers

It is the responsibility of each senior officer to establish the internal control regime for their service areas and to ensure that all activities carried out are efficient, effective and well ordered. The systems in place should ensure that if there is a breach it is promptly identified and the necessary action taken to minimise any potential loss. Senior officers should also foster an environment where employees can feel able to approach them with any concerns regarding suspected irregularities. Any such suspected irregularities brought to their attention, should be reported to the Director of Finance or the Head of Audit.

### Director of Finance (Section 151 Officer)

The Director of Finance has a statutory responsibility under Section 151 of the local government act to ensure that proper arrangements are made for the council's financial affairs. Therefore, all frauds have to be reported to the S151 Officer, or their nominated officer (generally the head of audit).

## Head of Audit

In accordance with the local government act the Council maintains an internal audit function, known as Audit Services. It is the responsibility of Audit Services to investigate any instances of possible fraud, corruption and bribery being perpetrated against the Council.

The Head of Audit also has responsibility for administering the Council's whistleblowing policy and procedure. Therefore, all incidents of whistleblowing, including those made anonymously, shall be reported or passed on, to the Head of Audit.

## Councillors

Councillors have a responsibility as the duly elected representatives of Wolverhampton for ensuring that the assets and resources of the Council are protected from all forms of abuse (including fraud, corruption and bribery).

## External audit

Independent external audit is an essential safeguard of the stewardship of public money. Part of the role of external audit is to appraise the arrangements made by the Council to prevent and detect fraud, corruption and bribery.

## Suppliers, contractors and external organisations

The Council expects all of its partners that it deals with to act with honesty and integrity. The Council will similarly act at all times on the same basis.

## Other related documents

This document is not to be seen as the council's sole document in relation to fraud, corruption and bribery; as such the following documents/processes have also been introduced by the Council to promote an anti fraud and corruption culture:

- Fraud awareness guide
- Financial procedure rules
- Contracts procedure rules
- Whistleblowing policy and procedure
- Anti-money laundering policy
- Fraud awareness training
- Disciplinary procedures
- Code of conduct for councillors
- Code of conduct for employees
- Clear and robust recruitment procedures
- Clear lines of responsibility and accountability

## Council's Powers of Investigation

### Who can investigate

Audit Services has responsibility to investigate any instances of possible fraud, corruption and bribery being perpetrated against the Council and its client base. This can involve the use of in house staff and specialists from other Council teams, associated bodies, other Council's and external organisations, including law enforcement agencies such as the Police.

### What can be investigated

The Counter Fraud Unit is a function of Audit Services and is responsible for the planning, preparation, and controlling of all fraud related activities, sensitive investigations and whistleblowing, across all areas of the Council and its client base. To include undertaking interviews under caution, interviews with suspects and witnesses, and attending court as a prosecution witness on behalf of the Council.

## Surveillance

To oversee applications for surveillance under RIPA legislation, ensuring that prior to reference to the Magistrates Court, that all other lines of enquiry have been followed and that the requested surveillance is proportionate and necessary in line with the council's policy and national legislation. Also, to represent the Council at meetings with inspectors from the Office of Surveillance Commissioners.

## Prosecutions and Cautions

Ensure that legal referrals are prepared to the highest standard when passed to Legal Services or the Crown Prosecution Service (CPS) as necessary. Undertake Caution interviews as necessary.

## Recovery

Financial Investigators are used to investigate a person's financial matters. They can also investigate the finances of a business or a private limited company. Financial investigators determine where money comes from, how it is moved and how it is used. The information acquired is used to recover the proceeds of crime, including money owed to the council and the public purse and the enforcement of confiscation orders.

## Legal frameworks

The counter fraud unit operate within the following legal frameworks:

- **PACE (Police and Criminal Evidence Act 1984) code E** – used when conducting interviews under caution.
- **DPA (Data Protection Act 1998 sections 29 and 35)** – used to obtain information on each investigation from various government departments, companies etc.
- **CPIA (Criminal Procedure and Investigations Act 1996)** – adhered to when investigating. All documents are recorded, retained and revealed in investigations.
- **RIPA (Regulation of Investigatory Powers Act 2000, part II)** – Used when conducting surveillance.
- **HRA (Human Rights Act 1998)** – adhered to with each investigation.
- **POSHFA (Prevention of Social Housing Fraud Act 2013)** – Used to request information in tenancy fraud cases.
- **Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012** – Used for investigating Council Tax Reduction cases.
- **Housing Act 1985** – Used in cases relating to succession of housing.
- **Fraud Act 2006** – Used in general fraud cases.
- **Proceeds of Crime Act 2002** – used for investigations linked to prosecutions and enforcement of confiscation orders.

## Local Government Fraud Act 1972

The counter fraud unit investigators are required to investigate in accordance with the Local Government Act 1972. The following sections from this Act are relevant:

- **Section 151** – Duty to protect public funds: Every Local Authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of the officers has responsibility for the administration of those affairs.
- **Section 222** – Right to prosecute and instigate civil proceedings to recover funds due: Where a local authority consider it expedient for the promotion or protection of the interests of the inhabitants of their area they may prosecute, defend or appear in any legal proceedings and, in the case of any civil proceedings, may institute them in their own name.
- **Section 223** – Right to appear in court: Any member or officer of a local authority who is authorised by that authority to prosecute or defend on their behalf or to appear on their behalf in proceedings before magistrates' court shall be entitled to prosecute or appear in any such proceedings and to conduct any such proceedings.
- **Section 111** – Right to act: Without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.
- The right to question suspects and witnesses – Police and Criminal Evidence Act 1998 - PACE (Code C):

The above information is not exhaustive and includes other statute or statutory instruments relevant to fraud investigation. The above may also be amended or substituted and all relevant subordinate legislation is included.

## The Bribery Act 2010

This 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”. There are four key offences under the act:

- the giving or offering of a bribe
- the request for, or acceptance of a bribe
- bribing a foreign public official
- a corporate offence of failing to prevent bribery.

The act supports the council's principle of free and fair competition in contracting and procurement. Anyone who, in the course of Council business, becomes aware that a bribe has been requested, offered, given or accepted should report their suspicions promptly, in accordance with the processes set out in this document. Facilitation payments are considered bribes (payments to induce officials to perform routine functions they are otherwise obligated to perform). Genuine hospitality or similar business expenditure that is reasonable and proportionate is allowable by the act and the codes of conduct for councillors and employees, details what is acceptable.

The penalties of committing an offence under the bribery act are up to 10 years imprisonment and an unlimited fine.

## Training

The Council recognises that for a successful anti-fraud and corruption culture to be effective, suitable training should be available to all employees, and this will be provided through a variety of methods including seminars, on-line training and the production of helpful guides.

## Investigations

Where someone knows, or suspects, that an irregularity or an instance of fraud, corruption or bribery is occurring, they should report it to their immediate line manager, or failing this the Director of Finance (Section 151 Officer), in effect this is passed on to the head of audit. Audit Services shall, dependent upon the issue, prepare a response plan, carry out an investigation and report back appropriately.

Each allegation and their subsequent outcome shall also be reported by audit services to the Audit Committee. In the event that a member of the Audit Committee is dissatisfied with any aspect of how the concern has been dealt with, the matter will be referred to the council's external auditors.

## Referrals to the Police

Decisions to refer a fraud, corruption or irregularity matter to the police will normally be taken by the Director of Finance or their nominee. Notwithstanding any action taken by the Police, the Council is committed to recovering any losses incurred as a result of fraudulent activity wherever possible. This may include pursuing a civil action through the courts where this is deemed to be an appropriate course of action.

## Conclusions

The Council maintains systems, procedures and guidelines that assist in the minimisation of fraud and corruption and will carry out a full investigation of any issues that arise. Such arrangements are regularly reviewed to ensure they are operating effectively and efficiently.

The Council, will wherever possible, publicise its continual commitment to establishing an anti-fraud and corruption culture.

This policy will be reviewed on an annual basis by the Head of Audit Services and the Audit Committee to ensure that it remains up to date, fit for purpose and represents generally accepted good practice.

## Useful contact details

Anyone who has any concerns regarding the possibility of fraud, corruption or bribery taking place can contact the following:



**Fraud Hotline: (01902) 550550**

(24 hours a day, 7 days a week, answerphone out of office hours)

**Peter Farrow - Head of Audit Services**

Tel: (01902) 554460

e-mail: peter.farrow@wolverhampton.gov.uk

**Claire Nye – Director of Finance (S151 Officer)**

Tel: (01902) 550478

e-mail: claire.nye@wolverhampton.gov.uk

**Kevin O’Keefe – Director of Governance/Monitoring Officer**

Tel: (01902) 554910

e-mail: kevin.o’keefe@wolverhampton.gov.uk

**The Council’s external auditors:**

Grant Thornton UK LLP

Colmore Plaza

20 Colmore Circus

Birmingham

B4 6AT

(Tel: 0121 212 4000)

**Public Concern at Work**

CAN Mezzanine

7 - 14 Great Dover Street

London

SE1 4YR

(Tel: 020 7404 6609)

(Advice line: [whistle@pcaw.org.uk](mailto:whistle@pcaw.org.uk))

([www.pcaw.org.uk](http://www.pcaw.org.uk))