

## **COUNTER FRAUD AND CORRUPTION POLICY**

### **1. PURPOSE**

1.1 The purpose of this Policy is to ensure that the Board has measures in place to guard against fraud and corruption.

1.2 The Policy is complemented by the Board's Confidential Reporting Procedure.

### **2. REQUIREMENTS**

2.1 Under the Accounts and Audit Regulations 2015, the Board is required to maintain a sound system of internal control; and to maintain an adequate and effective internal audit of its financial records and control systems.

2.2 The Responsible Financial Officer has a statutory responsibility, under Section 151 of the Local Government Act 1972, to ensure the proper administration of the Board's financial affairs.

2.3 Mandatory guidance, issued in 2019 by the Joint Panel on Accountability and Governance, requires the Board to have measures designed to prevent and detect fraud and corruption.

2.4 Internally, the Board has the following principal measures in place:

- The Board's Constitution
- Financial and Contract Regulations
- Member Code of Conduct
- Officer Code of Conduct
- Declaration of Interest Procedures
- Third Party Interest Disclosures
- Annual Governance and Accountability Reports
- Office Procedure Notes
- Operational Policies and Procedures  
(e.g. Health and Safety Policy, IT Security Policy).

2.5 Members, staff and volunteers are expected to be familiar with the relevant requirements and procedures, and to conduct their working practices accordingly.

### **3. SCOPE**

#### **3.1 Fraud.**

The term "fraud" is generally used to describe the act of depriving someone of something by deceit. It includes deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, money laundering, misappropriation, false representation, abuse of position, concealment of material facts, and collusion. Fraud was introduced as a general offence by, and is defined within, The Fraud Act 2006.

#### **3.2 Corruption.**

Corruption is defined as the deliberate use of one's position for direct or indirect personal gain. It covers the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

## AGENDA ITEM 4, APPENDIX A

### 3.3 Theft.

Theft is the physical misappropriation of cash or other tangible assets, acting with the intention of permanently depriving the other party.

### 3.4 Money Laundering.

This is the process by which offenders attempt to “recycle” the proceeds of criminal activities in order to conceal its origins and ownership. Statutory provisions are set out in the Money Laundering regulations 2007 and the Proceeds of Crime Act 2002.

### 3.5 Bribery.

The Bribery Act 2010 introduced four main offences:

- bribing another person;
- requesting or receiving a bribe;
- bribing a foreign public official; and
- organisational failure to prevent bribes.

## 4. CULTURE

4.1 The Board is committed to the highest standards of openness, probity, honesty, integrity and accountability. It will fight fraud and corruption and deal with it equally, whether the threat comes from within or outside the organisation.

4.2 The Board aims to set high standards of service provision, and is committed to upholding its reputation, and maintaining public confidence in its integrity. The Board expects that members, staff and volunteers at all levels will adopt the highest standards of propriety and accountability, and will lead by example.

4.3 The Board also expects that individuals and organisations that come into contact with the Board e.g. the public, partners, suppliers and contractors, will act with integrity and without intent or actions involving fraud and corruption.

4.4 It is the Board’s view that the prevention and detection of fraud and corruption and the protection of the public purse are responsibilities of everyone. The Board’s members, staff and volunteers play an important role in creating and maintaining a culture that protects the Board. The Board encourages members, employees, volunteers, partners and the general public to raise any concerns, in the knowledge that such concerns will be treated in confidence wherever possible.

## 5. RAISING CONCERNS

5.1 Anyone should raise their concerns when they reasonably believe that, in the carrying out of the Board’s business, an offence has occurred, is in the process of occurring, or is considered likely to occur.

5.2 Concerns should be reported to the Chief Executive, the Finance Officer, a line manager or others in accordance with the Board’s Confidential Reporting Procedure. In all cases, the Chief Executive should inform the Chairman. Any concerns regarding the Chief Executive may be raised with the Chairman.

5.3 The Finance Officer will maintain a record of all fraud referrals.

5.4 For their protection, those who make allegations will be treated in accordance with the Board’s Confidential Reporting Procedure. Anonymity will be respected. Staff can be assured that there will be no victimisation, and that such action will not affect their current employment situation or prospects with the Board.

## **6. BOARD RESPONSE**

6.1 Fraud and corruption are serious offences against the Board. The Board will ensure that any allegations received in any way, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner.

6.2 Investigations will be conducted without regard to a person's relationship to the Board, or to their position or length of service. Distinction will not be drawn between allegations of financial misconduct and other allegations of fraud or impropriety.

6.3 The Board will ensure that evidence is gathered and presented in accordance with the Criminal Procedures and Investigations Act 1996.

6.4 Investigations will also comply with the Police and Criminal Evidence Act 1984, the Human Rights Act 1998, the Freedom of Information Act 2000, the Regulation of Investigatory Powers Act 2000, and Data Protection legislation.

6.5 The Chief Executive, in consultation with the Chairman of the Board, the Monitoring Officer and the Board's legal and personnel advisers, will consider the best agency to investigate the allegation. The Chief Executive has authority to then pass the allegation to that agency, including the Internal Auditor, a specialist Counter Fraud team, and the Police. Depending on the nature of an allegation, the Chief Executive will normally work closely with other officers and agencies to ensure that all allegations are thoroughly investigated and reported upon.

6.6 A robust approach will be taken to all proven cases of fraud and corruption, including, where appropriate, use of the Board's disciplinary procedures, civil proceedings and/or criminal proceedings. A similar approach will be taken in the event of allegations that are subsequently found to be malicious.

6.7 Employees will face disciplinary action if there is evidence that they have been involved in fraudulent or corrupt activities. The Chief Executive will take disciplinary action in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner, after consultation with the Chairman, the Monitoring Officer, and the Board's legal and personnel advisers.

6.8 The Board will consider whether to prosecute each individual case in the light of advice from the Board's legal advisers, its auditors and the Police, taking into account the cost of prosecution and the likelihood of success.

6.9 Where a member of staff is a member of a professional body, the Board will report known impropriety to the relevant body for them to consider appropriate disciplinary action.

6.10 The Board will take appropriate action to recover from the perpetrator any loss that it sustains as a result of proven fraud or corruption.

6.11 The Chief Executive will report to the Executive Committee on the outcome of investigations.

6.12 The Chief Executive, the Finance Officer and/or the Monitoring Officer, in consultation with the Chairman, will ensure that any corrective action identified from investigations is brought to the attention of the Board.

## 7. GENERAL RESPONSIBILITIES

7.1 The Board is responsible for approving this Policy. The Executive Committee is responsible for monitoring the Policy, and the Confidential Reporting Procedure, and ensuring that they operate effectively.

7.2 The Board's Financial and Contract Regulations outline officer responsibilities, which are reflected within this Policy.

7.3 The Chief Executive ensures that formal documented procedures are in place, and that proper procedures are followed in practice. He is also responsible for the communication of the Policy.

7.4 The Chief Executive is responsible for carrying out investigations into fraud and corruption with the assistance of the Finance Officer, Internal Audit and other agencies as appropriate. He will initiate disciplinary procedures, legal proceedings and recovery action as appropriate.

7.5 The Finance Officer will keep under review Counter Fraud and Corruption procedures and arrangements and may co-operate with and seek advice from:

- the Board's legal advisers;
- the Board's external auditor;
- Counter Fraud specialists;
- Government Departments; and
- the Police.

7.6 When fraud or corruption has occurred or a potential risk has been identified due to a breakdown in the Board's systems or procedures, the Chief Executive will ensure that appropriate improvements in systems of control are implemented in order to prevent a recurrence.

7.7 Employees and volunteers are expected always to be aware of the possibility that fraud, corruption and theft may occur in the workplace.

7.8 Employees responsible for financial systems must ensure that those systems are sound and operated correctly.

7.9 Internal Audit plays a vital role in ensuring that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit works with the Board, management and staff to recommend changes in procedures to prevent fraud and loss. Internal Audit is able to assist with fraud investigation if required. Internal Audit reports its findings annually to the Executive Committee.

7.10 The Board recognises that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of training and awareness of members and employees. To facilitate this, positive and appropriate provision will be made through training and for employees via their personal development plans. This includes specialist training for certain key members and employees.

**8. POLICY REVIEW**

8.1 The Board is determined that this Policy will keep pace with any future developments in both prevention and detection techniques regarding fraudulent or corrupt activity that may affect its operation. The Board will maintain a continuous review through Internal Audit.

8.2 As a minimum, this Policy will be formally reviewed every three years.