



**LIVERPOOL  
CITY REGION**  
COMBINED AUTHORITY



**METRO MAYOR**  
LIVERPOOL CITY REGION

# Fraud, Bribery and Corruption Strategy



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## Version Control

Version	Date	Author	Comment
v5.1	November 2022	Laura A. Williams	Significant review to accommodate items from CIPFA self-assessment

## Foreword by the Chief Executive

The driving purpose of the Liverpool City Region Combined Authority (LCRCA) is to make a difference to the lives of the 1.6m residents that we serve, working in partnership to build a fairer, stronger and cleaner city region where no one is left behind. Achieving this requires us to drive best value from the resources available to us and ensure that they are properly safeguarded.

This strategy is an important building block, demonstrating the need for us to all have a clear and strong focus on preventing and detecting fraud, bribery and corruption. The LCRCA is committed to ensuring that its fraud, bribery and corruption risks are managed effectively, allegations are investigated effectively, and perpetrators are appropriately sanctioned.

This document sets out our approach and is an essential read for all.



Katherine Fairclough  
Chief Executive

# 1. Introduction

- 1.1 Fraud, bribery and corruption are not only damaging to the finances of the organisation, but they damage confidence in public services.
- 1.2 Liverpool City Region Combined Authority and Merseytravel (hereafter referred to as “the organisations”) are committed to ensuring that the risks of fraud, bribery and corruption are managed effectively, and that decisive action is taken where these offences are found to have been committed.
- 1.3 This Strategy sets out the organisations’ approach to managing the risk of fraud, bribery and corruption, and how an anti-fraud culture is established and promoted. This is an over-arching document that complements the suite of protocols in place relating to specific fraud, bribery and corruption matters, such as the Anti- Bribery Protocol, Anti-Money Laundering Protocol, Confidential Reporting (Whistleblowing) Protocol, Surveillance Protocol and Investigation Protocol, as well as conduct policies such as the Gifts, Hospitality and Declarations of Interest Policy.
- 1.4 This Strategy covers all employees including agency and temporary workers, but also covers external individuals such as suppliers, contractors and customers in their dealings with the organisations. There are specific provisions within the Confidential Reporting (“Whistleblowing”) Protocol concerning applicability of the protocol.
- 1.5 This Strategy will be reviewed and updated on an annual basis by the Head of Internal Audit. In the case of significant changes, the Strategy will be presented for approval to the Audit and Governance Committee and Merseytravel. However, as a minimum, the Strategy will be presented for re-approval every five years.





## 2. Objectives




2.1 The objectives of this Strategy are to:

- Protect the organisations' valuable financial resources to ensure these are used to deliver the Corporate Plan;
- Create and promote a robust 'anti-fraud' culture across the organisation which highlights the organisations' zero tolerance of fraud, bribery and corruption;
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity and emphasises that the rights of people raising legitimate concerns are properly protected;
- Promote an effective framework of control and governance relating to fraud risk;
- Confirm the key responsibilities of officers and members in managing the risk of fraud, bribery and corruption;
- Demonstrate how the organisations' comply with the CIPFA best practice guidance *Managing the Risk of Fraud and Corruption in Local Government* (2015).

## 3. Statement

- 3.1 The organisations are committed to a zero-tolerance approach to fraud, bribery and corruption in all their activities. Such an approach is key to ensuring that the organisation makes best use of public funds and is able to deliver its Corporate Plan.
- 3.2 The organisations are determined to identify any fraud, bribery and corruption carried out by employees who abuse their positions of trust, contractors who abuse their relationship or customers who try to obtain assets or services to which they are not entitled, and to take appropriate action in respect of such matters.
- 3.3 The organisations expect employees to demonstrate the highest standards of conduct at all times, in accordance with the principles set out by the Committee on Standards in Public Life (set out in the Code of Corporate Governance within the Constitutions):

Principle	Definition
<p><b>Selflessness</b></p> 	<p>Holders of public office should act solely in terms of the public interest.</p>
	<p>Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.</p>
	<p>Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.</p>
	<p>Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.</p>

	<p>Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.</p>
	<p>Holders of public office should be truthful.</p>
	<p>Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.</p>

- 3.4 Fraud, bribery and corruption are serious offences and employees will face disciplinary action (and potentially criminal prosecution) if there is evidence that they have been involved in these activities. It is also expected that external individuals and organisations, including suppliers, contractors and customers will act with honesty and integrity in their dealings with the organisations.
- 3.5 The organisations encourage employees to raise any concerns about fraud, bribery and corruption. Such concerns should be raised with the employee's manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice and if necessary, there are other ways for the employee to raise concerns. These are listed in the Confidential Reporting (Whistleblowing) Protocol, which also contains further guidance for potential whistleblowers. Suspected money laundering should be raised with the Money Laundering Reporting Officer only and details must not be shared with other officers.
- 3.6 The organisations will investigate consistently any allegations or suspicions of fraud, bribery or corruption relating to the organisation irrespective of whether it is perpetrated from inside the organisations (employees) or by external parties (suppliers, contractors or customers).
- 3.7 The organisations will refer to the appropriate authorities any person who commits fraud, bribery or corruption against them. In addition, such offences will also be considered under the organisations' disciplinary policies.
- 3.8 The organisations fully support the Police and other external agencies in the fight against fraud, bribery and corruption in the public sector.



## 4. Responsibilities

### **Chief Executive**

The Chief Executive has overall responsibility for the organisations' fraud, bribery and corruption management arrangements. This involves setting the tone of the organisations so that an anti-fraud culture is embedded and ensuring that an effective system of internal controls to manage the risk of fraud, bribery and corruption is in place.

### **Executive and Senior Leadership Teams (ELT) (SLT)**

Executive Directors, Assistant Directors and Heads of Service have responsibility for implementing the anti-fraud culture in their Directorates, and for ensuring that there is an effective system of internal control in place so as to manage the risk of fraud, bribery and corruption in their services. Executive and Senior Leaders should understand the actions to take if they have suspicions or receive reports of suspected fraud, bribery and corruption, and they should be champions of good counter-fraud practice and demonstrate ethical conduct.

In the event that there is evidence that a significant act of fraud, bribery or corruption has been committed, or where a significant weakness in the internal control framework has been found, ELT members are required to implement, or facilitate the implementation, of actions to improve prevention or detection (usually recommendations set out in an Internal Audit Report). In the event that there is evidence that a significant fraud, bribery or corruption offence has been perpetrated, the Executive Director of Corporate Services (or the Chief Executive in their absence) would take the decision on referral to the Police, based upon relevant advice.

### **Managers**

Managers have a key role in maintaining effective systems of internal control in respect of their areas. They also have the responsibility of ensuring that their staff understand their role in behaving with honesty and integrity. Managers should also be aware that they may be asked to provide advice to staff and to receive reports of suspicions of fraud, bribery and corruption.

### **All Employees**

All employees have responsibility for being aware of the risks of fraud, bribery and corruption, to comply with established internal controls designed to prevent and detect fraud, and to act with integrity and honesty in their work. They have a responsibility to report to management any concerns they may have.

### **Merseytravel Meeting**

This group has overall oversight of the internal control and governance arrangements for Merseytravel, and has responsibility for approving its fraud, bribery and corruption protocols.

### **Audit and Governance Committee**

This Committee has responsibility for the monitoring and review of the effectiveness of internal control and governance arrangements and overseeing the continued development of these arrangements, including in respect of fraud, bribery and

corruption. They also monitor progress in addressing any fraud-related issues reported to it, including those identified through Internal Audit reports.

The Audit and Governance Committee has responsibility for approving fraud, bribery and corruption protocols on behalf of the Combined Authority.

### **Internal Audit**

The Head of Internal Audit has a responsibility, under the Public Sector Internal Audit Standards, to review the organisations' arrangements for managing the risk of fraud, bribery and corruption, and evaluate their effectiveness in preventing and detecting fraud, bribery and corruption.

The role of Internal Audit in respect of fraud, bribery and corruption is to:

- Prepare and maintain a suite of relevant fraud, bribery and corruption protocols for the organisations;
- Promote an anti-fraud culture by raising awareness of fraud, bribery and corruption issues amongst officers and members;
- Advise management in the identification and management of fraud, bribery and corruption risks;
- Undertake proactive audit work to prevent and detect fraud, bribery and corruption; and
- Undertake the investigation of frauds perpetrated against the organisations or emanating from within the organisations, where this is deemed appropriate, including the subsequent reporting of findings, conclusions and recommendations to the relevant member(s) of the Executive Leadership Team (ELT).

It is worthy of note that it is not the responsibility of Internal Audit to manage fraud, bribery and corruption risks across the organisations, or to establish the organisations' fraud, bribery and corruption culture. Internal Audit supports the implementation of the culture and supports management to understand its fraud, bribery and corruption risks.

The Head of Internal Audit is also the designated Money Laundering Reporting Officer (MLRO), which entails acting as the main contact for receiving reports of suspected money laundering and carrying out the associated reporting.

### **External Audit**

The external auditor has a responsibility, as part of their statutory duties, to ensure that the organisations have adequate arrangements in place for the prevention and detection of fraud, bribery and corruption.

## 5. Managing the Risk of Fraud, Bribery and Corruption

### CIPFA Code of Practice on Managing the Risk of Fraud and Corruption in Local Government (2015)

- 5.1 CIPFA published the *Code of Practice on Managing the Risk of Fraud and Corruption in Local Government* in 2015. The Code is not mandatory, but it represents best practice, and compliance with the principles set out in the Code enables the organisations to demonstrate effective financial stewardship of public funds.
- 5.2 The principles are:
- Acknowledge the responsibility for countering fraud and corruption;
  - Identify the fraud and corruption risks;
  - Develop an appropriate counter fraud and corruption strategy;
  - Provide resources to implement the strategy; and
  - Take action in response to fraud and corruption.
- 5.3 The Head of Internal Audit undertakes an annual self-assessment of the organisations' arrangements against the requirements of the Code of Practice. The outcomes of these assessments are presented to the Audit and Governance Committee, and any actions arising are monitored through this forum. This process ensures that the implementation of this Strategy is subject to regular monitoring, that the success of the Strategy can be measured and that actions are clearly defined, with target dates of implementation and clear intended outcomes.
- 5.4 In demonstrating how the organisations meet the requirements of the Code of Practice, the key elements of the internal control framework are set out in the following paragraphs.

### Fraud, Bribery and Corruption Risks

- 5.5 In order to structure the organisations' responses to the prevention, detection and management of fraud risks, it is important that the risks are known and understood. It is incumbent on every Assistant Director/Head of Service to ensure that within their Service Risk Registers, they have considered and reflected the fraud, bribery and corruption risks faced by their services, and have reflected the controls in place to manage these risks and also reflected any additional actions they may wish to take to reduce the risk's likelihood and/or impact.
- 5.6 The main types of fraud, bribery and corruption risks are:
- **Tangible assets** – including misappropriation of items such as cash, cash equivalents (such as travel tickets) or stock;

- **Payroll and Payments** – manipulation or falsification of documents such as a timesheet or payment request so as to receive a payment to which the person is not entitled;
- **Procurement** – manipulation of tendering systems so as to obtain work unfairly, suppliers or contractors making spurious claims for payment, bribery and corruption in relationships with suppliers and contractors which may result in those organisations receiving work/payments to which they are not entitled or is not in the public interest;
- **Cyber and information** – exploiting weaknesses in security to obtain data, hold the organisation to ransom or breach privacy and/or data protection for personal gain;
- **Debtors** – falsifying documents in order to evade payment, or generate a refund to which the individual/organisation is not entitled;
- **Treasury Management** – falsification of details so as to make a spurious payment or being inappropriately influenced to obtain a loan that is not required or not obtaining the loan lowest interest rate in exchange for personal gain;
- **Insurance** – fictitious or exaggerated accounts of incidents (such as a personal accident) in order to receive a payment;
- **False accounting** – this is usually a method used to hide or disguise fraudulent activity, by presenting spurious items in a particular way intended to evade detection, such as miscoding a transaction;
- **Recruitment** – provision of false data by an applicant so as to obtain employment unfairly;
- **Grant funding** – funding provided to external organisations may not be used in accordance with the grant conditions, and records may be falsified so as to obtain funding under false pretences.
- **Concessionary travel and ticketing** – falsification of documents so as to obtain concessionary travel to which the individual is not entitled, use of tickets outside of prescribed conditions;
- **Money laundering** – use of CA systems to add a veneer of respectability to funds that have emanated from the proceeds of crime; and
- **Bribery** – abuse of one’s power/influence in order to generate a financial or other personal gain.

## Fraud, Bribery and Corruption Risk Control Measures

5.7 There is a variety of specific control measures that can be utilised within systems and processes to reduce the risk of fraud occurring or to increase the likelihood of its detection. Such measures should be incorporated appropriately into the design and operation of systems, and reflected within documented procedures, as a key part of the organisation’s defence mechanisms to reduce the risk of fraud, bribery and corruption occurring. These include the following main types:

- **Separation of duties** – ensuring that no single person controls all aspects of a system or process, for example the raising and making of a payment;
- **Organisation** – having a clear organisational structure where there is a clear understanding of key roles and responsibilities;

- **Accounting and arithmetic** – these relate to systems such as coding and budget management which are designed to identify unusual items of expenditure, overspends or attempts to conceal theft. Arithmetic controls relate to the use of control totals and reconciliations to highlight unusual items that are out of line with expectations;
- **Physical** – these are controls that are used to safeguard tangible assets e.g. cash and stock from theft or damage. Examples include use of safes for storage of items of value, and building access controls;
- **Supervision** – supervision of staff to ensure they are undertaking their role competently;
- **Personnel** – ensuring that staff are appropriate for their roles, adequately trained and demonstrating a commitment to the corporate culture and values;
- **Authorisation and approval** – the presence of clear delegated authorities and processes to ensure that decisions are made and executed only by those with appropriate authority; and
- **Management** – effective management through activities such as planning, monitoring, reporting and follow up, so as to identify areas of weakness or inadequate performance that may hint at fraudulent activity.

## Corporate Policy Framework

5.8 There is a comprehensive corporate policy and protocol framework in place, which details the requirements, considerations and key internal controls to prevent and detect fraud, bribery and corruption. The key policies/protocols are:

- Anti-Money Laundering Protocol;
- Anti-Bribery Protocol;
- Confidential Reporting (Whistleblowing) Protocol;
- Surveillance Protocol;
- Investigation Protocol;
- Information Management Policy Framework;
- Constitution – including Code of Corporate Governance and Financial Regulations;
- Guidelines on Cash Handling;
- Guidance on Travel and Expenses;
- Gifts and Hospitality and Declaration of Interests Procedure;
- Officer Code of Conduct; and
- Risk Management Policy.

## Fraud, Bribery and Corruption Prevention

5.9 One of the key elements of managing the risk of fraud, bribery and corruption is ensuring that there are preventative measures in place that make the offences more difficult to undertake. Prevention seeks to establish physical, logical and procedural barriers to discourage fraud, bribery and corruption, by implementing cost-effective countermeasures to prevent or reduce the identified risk:

- It is the responsibility of management to ensure that there are effective internal controls in place to prevent and detect fraud, bribery and corruption. It is incumbent on ELT and SLT members to establish and ensure the effective operation of such controls within their areas of responsibility. ELT and SLT members are also responsible, in conjunction with their managers, for ensuring that their staff are aware of relevant policies, protocols and procedural documents, and that the requirements within these are being followed.
- Officers must follow the requirements set out in the organisations' policies, protocols and any local procedures implemented by management. This includes the requirements contained within the Conditions of Employment issued upon appointment to their role.
- Internal Audit plays an important preventative role in reviewing the controls established by management to prevent fraud, bribery and corruption and making recommendations to management where improvements in the design of, or compliance with, internal controls are required. Internal Audit develops and delivers an annual risk-based Internal Audit Plan that gives consideration to fraud, bribery and corruption risk and makes provision for the investigation of allegations into irregularity. The Internal Audit Plan is informed by the organisations' risk registers, which include fraud risks.
- The system of internal control is the set of measures established in order to provide reasonable assurance of effective and efficient operations, reliability of internal financial control and reporting, and compliance with applicable laws and regulations. The effectiveness of the system of internal control in preventing and detecting fraud, bribery and corruption is reported upon in the Annual Governance Statement. This Statement is supported by the Head of Internal Audit's Annual Opinion, expressed in the Annual Report.
- All the organisations' systems and processes should be fully documented, kept up to date, and made available to the staff operating those systems. A lack of systems documentation reduces control and creates the opportunity for unacceptable practices to occur without check, inevitably weakening the system's operation. It should be clear to all involved what the processes are to achieve the system's objectives. Documenting the system ensures that everybody involved is aware of the authorised process for undertaking the various stages of the system's operation. This awareness, together with the management authorisation of a documented system, establishes a culture of formality that assists the prevention of the introduction of informal changes. Documenting a system provides clarity of purpose and intent, both for the operator of a system and any interested third party.
- It is a prerequisite to sound control that duties involved in financial transactions are as separated as possible. Financial Regulations specifically state that the principle of "separation of duties" should be observed in the calculating, checking and recording of sums payable and receivable from the duties of collection and disbursing of such sums; and in

other obvious areas of susceptibility. The separation of duties principle is an important preventative control over fraudulent and corrupt practices.

- Authorisation controls are there to ensure that approval has been granted to allow a particular course of action.
- Other controls such as physical security, management oversight and accounting controls, as detailed in 5.7 should also be employed as appropriate in the prevention and detection of fraud, bribery and corruption.
- The Executive Director of Corporate Services has a statutory duty to ensure the proper administration of the organisations' financial affairs. Accordingly, Financial Regulations have been developed and outline the systems, procedures and responsibilities of employees in relation to financial activity.
- The Executive Director of Corporate Services may, from time to time, supplement the Financial Regulations by other documents, such as Financial Instructions relating to detailed procedures. These are considered as part of the Financial Regulations and have the same status and authority.
- Recruitment and selection of employees is a key preventative measure in the fight against fraud, bribery and corruption and it is important to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of propriety and integrity and the veracity of their statements in respect of qualifications. The recruitment of employees is therefore required to be in accordance with the organisations' Recruitment and Selection Policy. In particular, written references are sought directly from referees regarding the disciplinary record of potential employees before employment offers are made.
- All employees should be aware of the Gifts, Hospitality & Declarations of Interest Policy and associated guidance.
- Employees must ensure that they avoid situations where there is a potential for a conflict of interest to arise or be perceived to have arisen. Effective separation of duties provides assurance that decisions made are based upon appropriate sources, so as to avoid accusations of the improper disclosure of confidential information. There is a duty on relevant employees to declare pecuniary and non-pecuniary interests by completing a Declaration of Interests form on an annual basis, whenever their circumstances change and prior to embarking on procurement activity.
- Fraud Awareness training is provided to all employees of the organisations in the form of e-learning, but employees should be made aware of all fraud, bribery and corruption risks pertinent to their role as part of on-the-job training. Staff are also required to read and acknowledge understanding of corporate policies and protocols, including those relating to fraud, bribery

and corruption and conduct. There is an ongoing programme of fraud awareness activity, including during the annual International Fraud Awareness Week, which is intended to highlight topical issues and remind staff of their key responsibilities.

## **Fraud, Bribery and Corruption Deterrence**

5.10 There is a range of measures in place to deter employees from engaging in fraud, bribery or corruption:

- The organisations have a well-established and fully implemented disciplinary process. It is important in maintaining an anti-fraud culture within the organisations, that all offences are dealt with in a consistent manner and that minor unethical practices are not overlooked (such as petty theft or small-scale expenses fraud) or dealt with in an unduly lenient manner.
- Where there is evidence of fraud, bribery or corruption (or other potential criminal offence), the matter will be referred to the Police (via Action Fraud) for investigation, who in turn may refer the matter to the Crown Prosecution Service to consider prosecution. It is recognised that it may not always be in the public interest to refer cases for criminal proceedings.
- Where a fraud, bribery and corruption offence has been proven and a financial loss has been suffered, the organisations will seek to recover the full value of any loss from the perpetrators. This may involve civil proceedings being instigated through the courts.
- Where appropriate, the organisations will publicise successful actions it has taken against fraudsters.

## **Fraud, Bribery and Corruption Detection**

5.11 The organisations actively seek to detect any incidents of fraud, bribery and corruption, to allow it to respond openly, promptly and responsibly to any suspected cases. All employees, suppliers, contractors and customers have an important role to play in the detection and reporting of fraud, bribery and corruption:

- The organisations encourage anyone who knows or suspects any inappropriate behaviour to report it.
- There are specific reporting arrangements for suspicions of bribery and money laundering, and these are detailed in the respective protocols. For suspicions of fraud, including theft, reports should be made in the first instance to the employee's line manager in the first instance (or another appropriate manager in the event that the line manager is under suspicion) and the Head of Internal Audit should be informed.



- The Confidential Reporting (Whistleblowing) Protocol provides advice and guidance on how specific matters of concern may be raised and aims to give employees the confidence to raise concerns internally. The Protocol is regularly reviewed to ensure it is compatible with current legislation and to assess its effectiveness and raising awareness of the protocol is part of all fraud awareness campaigns. Employees are expected to act reasonably and in the public interest when utilising the whistleblowing process. If it is proven that an allegation has not been made in the public interest, this will be regarded as serious or gross misconduct.
- SLT members must act in accordance with the Confidential Reporting (Whistleblowing) Protocol to support any members of staff who have ‘blown the whistle’. They must instigate appropriate disciplinary procedures should the result of any investigation identify evidence of fraud, bribery or corruption.
- Budgetary control is important in identifying fraudulent activity at significant levels. SLT members, managers, budget holders and business accountants have a responsibility to be aware of the transactions affecting budget lines under their control. They should ensure that all transactions correspond to expectations and that any anomalies are investigated and corrected.
- Whilst it is management's responsibility to prevent and detect fraudulent and corrupt activity, Internal Audit conducts a programme of audits designed to test for signs of inappropriate activity. Internal Audit utilises fraud detection techniques and data analytics to extend audit coverage. In particular, use is made of Computer Assisted Audit Techniques (CAATs) to undertake targeted testing on high-risk areas and transactions, such as payroll, creditors and debtors.
- Where appropriate, the organisations engage in data sharing initiatives to facilitate fraud detection, such as the National Fraud Initiative (NFI). Such initiatives are carried out in accordance with data protection, and other relevant legislation. The results of such exercises are fully reviewed, and matches investigated, with appropriate action taken where fraud is detected, including to recover losses.
- For the purposes of the prevention and detection of fraud and corruption, the organisations will work jointly with other agencies and will share intelligence data with these agencies as appropriate. These agencies include, but are not limited to Merseyside Police, HM Revenue and Customs and Local Authorities.

## **Investigation of Allegations of Fraud, Bribery and Corruption**

- 5.12 The aim of any investigation is to establish the facts surrounding the allegation that has been made, so as to establish whether there is evidence of fraud, bribery or corruption.

- 5.13 Cases for investigation must be notified to Internal Audit, in accordance with the Investigation Protocol. The Head of Internal Audit will liaise with relevant members of SLT and potentially ELT to determine the investigative action required and to establish the best route for the investigation to take, for example by Assistant Director/Head of Service, Internal Audit, or the Police.
- 5.14 The Head of Internal Audit will ensure that all investigations it carries out comply with the Investigation Protocol, other relevant organisational directives and the law.
- 5.15 Following the conclusion of an investigation undertaken by Internal Audit, an Internal Audit Report will be produced and directed to the relevant members of ELT/SLT. The report will reflect any matters arising from the investigation and make recommendations to improve internal controls and reduce the risk of fraud, bribery and corruption. This will also include recommendations regarding any further action to be taken in respect of the perpetrator.

## Sanctions

- 5.16 The organisations will act upon the basis of the evidence obtained through the investigation to arrive at a view on how the perpetrators of fraud, bribery and corruption will be sanctioned.
- 5.17 The organisations have a range of sanctions at its disposal, including those within the Disciplinary Policy, recovery of any financial losses incurred, and referral to the Police.
- 5.18 Where there is evidence of a financial loss suffered by the organisation, all reasonable steps will be taken to recover the loss, which may include the cost incurred by the organisation in undertaking an investigation (for example where significant time has been spent or external experts have had to be engaged at cost).
- 5.19 Where it appears that a criminal offence may have been committed, the organisations will ordinarily inform the Police (the final decision of referral to the Police will be a matter for the Executive Director of Corporate Services or the Chief Executive in their absence), so that they can carry out a criminal investigation. The Police may refer the matter to the Crown Prosecution Service to determine whether a prosecution will be pursued.
- 5.20 The organisations will, as appropriate and being cognisant of legal and public interest considerations, publicise all successful prosecutions for fraud, bribery and corruption.

## 6. Monitoring and Evaluation

- 6.1 It is the responsibility of the Head of Internal Audit to monitor and evaluate the effectiveness of the Fraud, Bribery and Corruption Strategy, as set out within this document and implemented by the organisation.
- 6.2 The Head of Internal Audit reports regularly on relevant fraud, bribery and corruption matters to ELT and the Audit and Governance Committee and on an annual basis presents a summary report which highlights the results of the evaluation and the actions that are required to increase the Strategy's effectiveness. The report includes key pieces of data that are considered indicators of effectiveness, such as:
- numbers of frauds investigated;
  - number of whistleblows received; and
  - take-up of fraud awareness training.
- 6.3 Responsibility for implementation of the actions arising from the report is likely to sit across the organisations, with Internal Audit taking the lead on updating relevant protocols and this Strategy as part of its annual review process, but also broader recommendations regarding fraud awareness, understanding and compliance issues. ELT and SLT are required to take the lead on embedding the Strategy and fraud culture within their respective areas, so that there is clarity on the organisations' stance and a consistent approach to the issues.
- 6.4 The Audit and Governance Committee has the opportunity to comment on and scrutinise the report and evaluation and make its own recommendations on how the Strategy and its implementation could be improved.

## Appendix A

### Defining Fraud Offences

The main offences are summarised below, however, please refer to the legislation at [www.legislation.gov.uk](http://www.legislation.gov.uk) for the full details of the relevant Acts of Parliament.

#### Fraud

Section 1 of the Fraud Act 2006 defined a general offence of fraud and three ways in which it may be committed:

- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

Fraud by false representation requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- The person makes the representation knowing that it is or might be false or misleading.

Fraud by failing to disclose information requires:

- Dishonesty;
- An intent to make gain or cause loss; and
- Failure to disclose information where there is a legal duty to disclose.

Fraud by abuse of position requires:

- Dishonesty;
- An intent to make gain or cause loss; and

Abuse of a position where one is expected to safeguard another person's financial interests.

### Bribery and Corruption

The Bribery Act 2010 has defined the following offences:

- Offering, promising or giving a bribe;
- Requesting or agreeing to receive a bribe;
- Bribery of a foreign public official; and
- The corporate offence of failing to prevent a bribe.

It will be a defence against the corporate offence if an organisation has "adequate procedures" in place to prevent bribery.

## Money Laundering

Money laundering offences are found in Part 7 of Proceeds of Crime Act 2002 ('POCA').

Money laundering describes offences concerning the possession, concealment, conversion, transfer or making of arrangements relating to the proceeds of crime. This is not limited to money or cash.

Money laundering is defined in the POCA as *"the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises"*.

Money laundering can be broken down into two categories:

- Those who commit offences and then launder the proceeds of those criminal offences. The criminal offences are referred to as "predicate offences".
- Those whose only criminal involvement is to launder the proceeds of crime committed by others.

## Appendix B

### Fraud, Bribery and Corruption Reporting Summary

This is a summary only – for the detail, please refer to each of the relevant fraud, bribery and corruption protocols on OnePlace.

Type of Concern and summary of legal basis	Who can raise a concern	Who can receive the concern	Key Items to Note
<b>Fraud</b> Fraud Act 2006 <ul style="list-style-type: none"> <li>• Fraud by false representation;</li> <li>• Fraud by failing to disclose information; and</li> <li>• Fraud by abuse of position</li> <li>• Includes theft.</li> </ul>	Employees	Line managers Head of Internal Audit	Please notify Head of Internal Audit when fraud concern is highlighted
<b>Bribery</b> Bribery Act 2010 <ul style="list-style-type: none"> <li>• Offering, promising or giving a bribe;</li> <li>• Requesting or agreeing to receive a bribe;</li> <li>• Bribery of a foreign public official; and</li> <li>• The corporate offence of failing to prevent a bribe.</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting should take place in accordance with the Confidential Reporting (Whistleblowing) Policy</li> </ul>		
<b>Money Laundering</b> Proceeds of Crime Act 2002 <ul style="list-style-type: none"> <li>• Possession, concealment, conversion, transfer or making of arrangements relating to the proceeds of crime. This is not limited to money or cash.</li> </ul>	Employees	Money Laundering Reporting Officer (MLRO) – role held by Head of Internal Audit (HoIA) - only	<ul style="list-style-type: none"> <li>• No details should be given to any other staff member as they could be implicated in any offence.</li> <li>• Report must be made direct to the MLRO using the reporting form in the Money Laundering Protocol</li> </ul>

Type of Concern and summary of legal basis	Who can raise a concern	Who can receive the concern	Key Items to Note
<p><b>Confidential Reporting (“whistleblow”)</b> Public Interest Disclosure Act 1995. Employee has a belief that any of the following, has, will or may occur:</p> <ul style="list-style-type: none"> <li>• a criminal offence;</li> <li>• failure to comply with any legal obligation to which he is subject;</li> <li>• a miscarriage of justice;</li> <li>• endangering the health or safety of any individual;</li> <li>• environmental damage; or</li> <li>• that any matter above has been or may be deliberately concealed.</li> </ul>	<p>Employees including agency / temporary workers, and trainees</p>	<p>Line managers Head of Internal Audit Head of People and OD Monitoring Officer</p>	<ul style="list-style-type: none"> <li>• Disclosures in the public interest are not always badged as whistleblows – the Protocol details the criteria</li> <li>• Please notify HoIA for monitoring purposes</li> </ul>