

# Warwickshire County Council

## Counter Fraud, Bribery and Corruption Framework

**“Supporting a culture of openness, honesty and integrity”**

### **1. Introduction**

- 1.1 Warwickshire County Council has a responsibility for the provision of effective and efficient services to clients and stakeholders in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements.
- 1.2 The Council has a responsibility to have counter fraud, bribery and corruption arrangements in place and it is essential that the management of the risk of fraud is placed at the very top of the Council's governance arrangements.
- 1.3 This Framework defines the approach to managing the risk of fraud, bribery and corruption across the organisation and ensures that best practice is embedded across all services, projects and partnerships.
- 1.4 The Council recognises that failure to implement effective counter fraud measures can:
  - Undermine the high standards of public service that the Council is attempting to achieve
  - Reduce the level of resource and services available for the residents
  - Result in significant consequences which reduce public confidence in the Council.
- 1.5 This document replaces both the previous Anti-Fraud and Bribery Policy and Anti-Fraud and Bribery Strategy.

### **2. Definitions**

- 2.1 The Fraud Act 2006 provides a formal definition of fraud which, for the purposes of this Framework, can be summarised as obtaining money, property or services dishonestly by making a false or misleading representation, failing to disclose information or abusing a position of trust.
- 2.2 The Bribery Act 2010 has incorporated bribery and certain corruption offences into a single piece of legislation. Bribery is defined as ‘an inducement or reward offered, promised or provided to someone to gain personal, commercial, regulatory or contractual advantage on behalf of oneself or another’.
- 2.3 The Bribery Act contains the following offences :
  - The offering, promising or giving of a bribe (active bribery);
  - The requesting, agreeing to receive or accepting of a bribe (passive bribery);
  - The bribing of foreign public officials; and

- Failing to prevent bribery.

2.4 Corruption is the deliberate misuse of your position for direct or indirect personal gain. Corruption includes offering, giving, requesting or accepting bribe or reward, which influences your actions or the action of someone else.

### **3. Policy Statement**

3.1 The Council is committed to carrying out business fairly, honestly and openly and has a zero tolerance to all forms of fraud including, without limitation, bribery, corruption and money laundering.

3.2 The Council recognises that a sound Counter Fraud culture is essential if a strong control framework is to be adhered to and that its Members and employees play a key role in achieving its 'zero tolerance' culture towards fraud and corruption. It therefore expects high standards of conduct and probity from Members and employees and requires them at all times to act honestly, with integrity and to safeguard the public resources for which they are responsible.

3.3 The Council does not, and will not, pay or accept bribes or improper inducements to anyone for any purpose nor does it wish to be associated with any organisation that does or has done so. This extends to the Council's agents, suppliers, contractors and partners, whether such conduct is associated with business on behalf of the Council or not. The Council will not use a third party as a conduit to channel bribes to others.

3.4 The Council also expects that all individuals and organisations associated with the Council, such as contractors, partners, suppliers and users of Council services, will act with integrity and have the same high standards of probity as the Council. The Council expects all its partners, in both the private and public sectors, to establish sound and transparent governance arrangements.

3.5 The Council will actively seek to deter and prevent fraud and bribery and ensure that the associated risks are identified and managed effectively.

3.6 Where fraud or bribery is suspected or detected it will be investigated and any proven fraud dealt with in a consistent and proportionate manner. Appropriate sanctions, which may include criminal and disciplinary action, and redress will be vigorously pursued against anyone perpetrating, or seeking to perpetrate fraud, corruption or bribery against the Council.

3.7 The Council is committed to ensuring the wide circulation of this Framework in order that all relevant parties understand the very high standards which the Council is determined to observe in all its business.

## **4 Scope**

- 4.1 The framework covers any fraud, bribery or corrupt activity committed against the Council by employees, agency staff, members, consultants, suppliers, partners, Warwickshire Residents and other external organisations.
- 4.2 All the activities that are undertaken by the Council are covered by this Framework. This not only includes direct income and expenditure but also that administered on behalf of the Government, any other body, clients and that for which it is the responsible accountable body.

## **5 Legislative Requirements**

The Council will have full regard to all relevant legislative requirements, including without limitation to the following legislation (including any amendments or updates thereto):

- Local Government Act 1972
- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2006
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Money Laundering Regulations 2007
- Fraud Act 2006
- Bribery Act 2010
- Public Interest Disclosure Act 1998
- Competition Act 1998
- Companies Act 2006
- Theft Act 1978

## **6 Approach**

- 6.1 WCC will fulfil its responsibility to reduce Fraud, Bribery and Corruption and protect its resources by completing work in each of the following key areas:

### **6.2 Deterrence**

WCC will promote and develop a strong counter-fraud culture, raise awareness and provide information on all aspects of its counter-fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.

### **6.3 Prevention**

WCC will ensure strong measures are in place to prevent fraud and will ensure that new and existing systems and policy initiatives are adequately 'fraud proofed'. The primary responsibility for the prevention and detection of fraud rests with managers throughout the organisation. They have the responsibility to manage the risk of fraud and will be supported and trained so that this responsibility is discharged effectively. The risk of fraud is considered as part of the corporate approach to risk management

and Risk and Assurance will support managers by providing advice on the management of risk and design of controls.

#### **6.4 Detection**

Risk and Assurance considers fraud trends when developing its annual work plan, identifying relevant high risk areas on which to base both proactive counter fraud reviews and publicity campaigns. In addition, the service provides support to managers by undertaking a series of audits providing assurance on control systems including those designed to prevent and detect fraud.

#### **6.5 Investigation**

All reported incidents of fraud or irregularities from internal or external stakeholders or received (including via the Council's Whistleblowing Policy) will be thoroughly investigated.

#### **6.6 Sanctions**

Realistic and effective sanctions will be applied to individuals or organisations where an investigation reveals fraudulent activity. This may include disciplinary action as appropriate and referral to the Police for possible criminal investigation.

#### **6.7 Redress**

A crucial element of the Council's response to tackling fraud is seeking financial redress- the recovery of defrauded monies is an important part of the Council's strategy and will be rigorously pursued.

### **7 Reporting and Advice**

7.1 The Council will take firm and effective action against those found guilty of fraud, corruption and bribery through sanctions and redress.

7.2 Managers must immediately inform the Chief Risk and Assurance Manager of all allegations and suspicions of possible fraud, bribery and corruption. The Chief Risk and Assurance Manager will determine in conjunction with managers the arrangements for investigating the allegation. The more complex cases will be investigated by Risk and Assurance. Minor, straight forward allegations may be referred back to the relevant Service Manager for further investigation and others may be reported directly to the police. Members of Risk and Assurance will always be available to support staff and managers where necessary.

### **8 Right of Access**

8.1 To undertake their work internal auditors have unrestricted access to all the Authority's personnel, premises, documents, records, information and assets including those of partner organisations. This includes any data owned by the Authority, but is processed or held elsewhere by third parties. Internal auditors have

authority to access all relevant computer data as part of their work, including that registered under the Data Protection Act.

- 8.2 Auditors are authorised to obtain the information and explanations they consider necessary from any employees, partners or agents of the Authority to fulfil their objectives and responsibilities. Managers must ensure that internal audit access is considered when preparing partnership agreements or contracts for the purchase or supply of goods and services.

## **9 Roles and Responsibility**

- 9.1 The risk of fraud cannot be dealt with in isolation. The management of risk of fraud is a key aspect of corporate governance and it is essential that all members and officers (including temporary staff) should have a level of understanding of the Council's Counter Fraud, Bribery and Corruption Framework. However, some individuals and groups have specific leadership roles or responsibility and these are identified in Appendix 1.

## **10 Implementation**

To ensure that this Framework is implemented effectively the Council will;

- 10.1 Identify and include fraud, corruption and bribery risks within its risk management strategy
- 10.2 Encourage a culture of prevention and deterrence by publishing this framework and encourage everyone to be vigilant and report any genuine suspicions of fraudulent activity
- 10.3 Ensure that responsibilities are clearly defined and communicated at all levels
- 10.4 Participate in national anti-fraud initiatives
- 10.5 Ensure that sound financial standards are adopted and that financial systems incorporate good controls to reduce the risk of fraud by developing and maintaining cost effective controls.
- 10.6 Ensure that appropriate disciplinary and legal action is taken in all cases
- 10.7 Consider best practice

## **11. Review and Monitoring**

- 11.1 The Council will ensure that its approach to managing the risk of fraud is kept up to date with developments in best practice and regulatory requirements. The Counter Fraud Bribery and Corruption Framework will therefore be periodically reviewed and updated as necessary.

- 11.2 The implementation of the Council's Counter Fraud, Bribery and Corruption Framework will be subject to periodic review by the Audit and Standards Committee.
- 10.3 External auditors and inspectors may also have an interest in reviewing aspects of the Council's Counter Fraud, Bribery and Corruption approach.

## **12 Benefits**

- 12.1 The Council's commitment to the introduction of a robust and positive Counter Fraud framework will result in:
- Consistency, fairness and objectivity in all its Counter Fraud work and that everyone is treated equally;
  - Greater awareness of the risk of fraud by employees and members;
  - Improved identification of fraud;
  - Improved use of resources;
  - Reduced level of fraud.

## Appendix 1 – Roles and Responsibilities

STAKEHOLDER	SPECIFIC RESPONSIBILITIES
<b>Council and Joint Managing Directors</b>	<p>Individual members have the responsibility to support and promote a counter fraud culture but collectively the Council, with the Joint Managing Directors, is ultimately accountable for the effectiveness of the Council's arrangements for preventing, detecting and investigating fraud and corruption.</p> <p>Members are required to operate within:</p> <ul style="list-style-type: none"> <li>• The Constitution</li> <li>• Legislation e.g. Fraud Act 2006 and the Bribery Act 2010</li> <li>• Any locally adopted protocols aimed at supporting the Code of Conduct.</li> </ul>
<b>Head of Finance</b>	<p>Responsible for advising on financial standards to be adopted by the Council. To ensure that financial systems incorporate strong measures to reduce the risk of fraud/identify possible irregularities.</p> <p>To notify Risk and Assurance of all suspected financial irregularities</p>
<b>Monitoring Officer</b>	<p>To process and investigate complaints alleging breach of the Code of Conduct for councillors</p> <p>To advise Councillors and Officers on ethical issues, probity and standards so that the Council operates within the law and statutory Codes of Practice</p>
<b>Risk and Assurance</b>	<p>Responsible for providing Internal Audit Services, developing the Counter Fraud, Bribery and Corruption Framework and investigating any issues reported under this Framework. Risk and Assurance to determine who investigates allegations and suspicions, minor issues maybe referred to management for them to investigate with Risk and Assurance support. To ensure that all suspected or reported irregularities are dealt with and that action is identified to improve controls and reduce the risk of reoccurrence. Provide assurance that fraud risks are being managed. Provide advice on managing fraud risk and design of controls.</p>
<b>Audit and Standards Committee</b>	<p>To monitor compliance with the Council's policies and consider the effectiveness of the Council's counter fraud arrangements.</p>
<b>External Audit</b>	<p>Reviews the adequacy of the Council's arrangements for the prevention and detection of fraud, corruption, bribery and theft.</p>
<b>Strategic Director for People, Chief Fire Officer and Heads of Service</b>	<p>To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Risk and Assurance. To ensure that there are mechanisms in place within their service areas (including work with other organisations and agencies) to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.</p>
<b>Head of Human Resources &amp; Organisational Development</b>	<p>Responsible for ensuring that effective recruitment processes are in place (i.e. safe employment checks: Immigration status is confirmed; qualifications are confirmed; written references are obtained; etc.) is in place.</p>
<b>All Employees, Contractors, Agency Staff and Consultants</b>	<p>To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report promptly any genuine concerns to management and internal audit, using, if necessary, the Whistleblowing Procedure.</p> <p>To record gifts, hospitality and personal interests in the appropriate corporate registers as soon as possible.</p>

	To declare any personal interests on the Register of Interests. To provide information requested by internal audit
<b>The Public and Suppliers</b>	To be aware of the possibility of fraud, corruption and bribery against the Council and report any genuine concerns/suspicious.
<b>Partners</b>	Partners to have sound and transparent governance arrangements.