

# Anti-Fraud, Bribery and Corruption Policy

## Introduction

1. Hereford & Worcester Fire Authority employs over 800 staff, and manages a revenue budget of over £32m per year. In administering its responsibilities, the Authority ***has a zero tolerance approach to fraud, bribery and corruption***, whether it is attempted from inside or outside the organisation. To this end, it is committed to an effective anti-fraud, bribery and corruption strategy designed to:
  - Prevent
  - Deter
  - Detect
  - Investigate
  - Seek Restitution
  - Report
2. The key objectives of this Strategy are to minimise losses through fraud, bribery and corruption, and to embed further the management of fraud risk within the culture of the organisation.
3. This Strategy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting the Authority:
  - ***Ethical Framework & Employees Code of Conduct***
  - ***Members Code of Conduct***
  - ***Contract Standing Orders***
  - ***Financial Regulations***
  - ***Anti-Money Laundering Policy***
  - ***Whistleblowing Policy***
  - ***Disciplinary Procedure***

## What is Fraud, Bribery and Corruption?

4. Fraud is a crime and involves a deception which is deliberate and intended to provide a direct or indirect personal gain – for example: false expenses, exaggerated pay claims, altering accounting records, bogus invoices, forged cheques, fixing tender results, contract irregularities etc.
5. Bribery is an inducement or reward offered, promised or provided to gain personal, commercial or regulatory advantage.
6. Corruption is the deliberate misuse of position for direct or indirect personal gain such as: offering, giving, requesting or accepting a bribe or reward which influences your actions or someone else's.
7. Theft is where someone steals cash or other property belonging to someone else with no intention of returning it.

## **Scope**

8. It is expected that all officers (permanent and temporary) and Members of the Authority will lead by example, and ensure adherence to legal requirements, rules, procedures and practices.
9. The Authority also expects that the individuals and organisations that it comes into contact with (i.e. suppliers, contractors, service providers and consultants) will act towards the Authority with integrity and without thought or actions involving fraud, bribery or corruption.

## **Authority**

10. The responsibility for an anti-fraud, bribery and corruption culture is the joint duty of those involved in giving political direction, determining policy and management. The Audit and Standards Committee is key in recommending that sufficient authority is given to anti-fraud, bribery and corruption activity. The Authority's Senior Management Board (SMB) is responsible for ensuring a strong anti-fraud culture, and that staff accept their responsibility for preventing and detecting fraud, bribery and corruption.
11. In order for the Authority to deal effectively with suspected incidents of fraud, those responsible for investigating matters must be fully supported by all officers and Members.

## **Culture**

12. The Authority encourages a culture of honesty and opposition to fraud, bribery and corruption. Members and officers at all levels are expected to lead by example in ensuring adherence to established rules and procedures and to ensure that all procedures and practices are legally sound and honest.
13. The Authority's employees are an important element in its stance on fraud, bribery and corruption, and they are positively encouraged to raise any concerns that they may have on these issues, where they are associated with the Authority's activity.
14. The Authority's SPI, "Confidential Reporting (Whistleblowing)", gives details about the support and safeguards that are available to those who do raise concerns.
15. Members of the public can also report concerns through the Authority's complaints procedure, external audit or the Local Government Ombudsman, or, where the conduct of Members is concerned, through the Fire Authority's Monitoring Officer.
16. The Authority participates in the National Fraud Initiative, the Audit Commission's bi-annual data matching exercise, which seeks to detect fraudulent payments from the public purse. In addition, the Authority proactively incorporates anti-fraud work into its Internal Audit plans.

## **Prevention**

### **Staff**

17. A key preventative measure in the fight against fraud, bribery and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard, temporary and casual staff should be treated in the same manner as permanent staff.
18. Once officers are recruited in accordance with Human Resources guidelines, they must adhere to the Authority's procedures, practices and policies. Officers who are members of professional bodies must also follow that body's Codes of Professional Conduct.
19. A Register of Officers "Gifts and Hospitality" is maintained by the Fire Authority's Committee & Member Services section.
20. Senior staff are required annually to declare any related party transactions.

### **Members**

21. Members are subject to the Authority's Code of Conduct. Any allegations of breach of the Code are dealt with by the Fire Authority's Monitoring Officer and may, in certain instances, be referred on to its Audit & Standards Committee. Members are also required to declare their interests in accordance with the law and with the provisions of the Code of Conduct.
22. A register of interests of Members is maintained by the Fire Authority's Committee & Members Services section and is available for inspection by the public at Authority Headquarters.
23. Individual Members entries on register are also accessible on the Authority's website at the following link:  
[http://www.hwfire.org.uk/PDF/fire\\_authority/members-details/2014/FRA-members-details-april14.pdf](http://www.hwfire.org.uk/PDF/fire_authority/members-details/2014/FRA-members-details-april14.pdf)
24. The Fire Authority also has in place a detailed Protocol on Gifts and Hospitality for Members.
25. The agenda for every meeting of the Authority includes an item on disclosable interests, at which point Members must declare if they have an interest in any business to be considered at that meeting in accordance with statutory provisions. Members must comply with the Code of Conduct regarding when they are required to leave the meeting.
26. Members are also required annually to declare any related party transactions.

## **Systems and Procedures**

27. Financial regulations and standing orders relating to contracts and for the regulation of business are in place to ensure that Members and officers act in accordance with best practice, when dealing with the Authority's affairs.
28. The Authority has a statutory duty under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs, and ensure that one of its officers has responsibility for the administration of these affairs. The Authority's designated Chief Finance Officer is the Treasurer. In the event of the prolonged absence of the Treasurer the Head of Finance acts as the deputy section 151 officer.
29. The Authority has developed systems and procedures, which incorporate efficient and effective internal controls and which include adequate segregation of duties. The Treasurer is responsible for the operation and documentation of such systems. Their existence and appropriateness is independently reviewed and reported upon by Internal Audit.
30. Members and officers should avoid any situations where there is potential for a conflict of interest.

## **Investigation**

31. The Authority is committed to ensuring the prevention and detection of fraud, bribery and corruption, and will endeavour to investigate all potential occurrences in a prompt and timely manner.
32. In the event that an employee is concerned about suspected unlawful conduct, they should speak in the first instance to their line manager, or, if this is not appropriate, to a senior manager.
33. Staff and Managers who suspect fraud, bribery or corruption; or who have such suspicions reported to them MUST immediately report this to the Head of Finance (or to the Treasurer or other officer listed at the end of Appendix 2 – if this would not be appropriate), who will notify the Treasurer.
34. Advice will be sought from the Chief internal Auditor and the Head of Finance may use Internal Audit to investigate the financial irregularities.
35. If the matter also involves a disciplinary investigation the Investigating officer will liaise with the Head of Finance to ensure that the two aspects of the investigation are carried out concurrently where possible.
36. The Treasurer will notify the Audit Commission of any fraud via the appointed External Auditor.
37. The Treasurer has statutory duties in relation to financial administration and stewardship on behalf of the Authority.

38. Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to the Authority, if the Authority or one of its officers:
- has made, or is about to make, a decision, which involves incurring unlawful expenditure
  - has taken, or is about to take, an unlawful action, which has resulted or would result in a loss or deficiency to the Authority
  - is about to make an unlawful entry in the Authority's accounts

## **Outcomes**

39. There are a number of possible outcomes to a fraud investigation:
- Criminal prosecution – the Deputy Chief Fire Officer, Monitoring Officer and Treasurer, in consultation, may authorise the referral to the police for investigation, if appropriate.
  - Disciplinary action – even if fraud is not proven there may still be matters which need to be considered under the Fire Authority's disciplinary procedures.
  - Recovery through civil or criminal proceedings – the Authority will seek to recover losses subject to legal advice and where it is cost effective to do so. It will recover any loss caused by an employee through salary, pension or insurance.
  - Weakness in systems of controls – an action plan will be produced to address any system or management weaknesses and to reduce the risk of fraud and error in the future.

## **Conclusion**

40. This Strategy demonstrates that Hereford & Worcester Fire Authority has systems and procedures in place to assist in the fight against fraud, bribery and corruption.
41. The Strategy will be brought to the attention of all employees and Members at least annually, and will be subject to review by the Treasurer and Monitoring Officer. Any changes will be brought to the Audit & Standards Committee.

## **Fraud Response Plan**

**The Fire Authority has a zero tolerance approach to fraud, bribery and corruption, whether it is attempted from inside or outside of the organisation.**

- 42. This response plan is part of the Authority's Anti Fraud , Bribery and Corruption Strategy, and gives advice and information to employees and Members about what to look for, and how to act if fraud or corruption is suspected.**

**Fraud might happen in the following areas:**

### **Invoices for services**

- **Claiming for services not performed**
- **Claiming for a higher level of service than that performed**
- **Claiming for a service that has been provided to an employee on a personal basis**

### **Travel and expense claims**

- **False journey claimed / same journey claimed twice**
- **Mileage inflated**
- **Excessive or inappropriate expenses claimed**
- **Two employees claiming for a journey taken together**
- **Altering documentation to disguise theft of cash**

### **Petty cash**

- **Reimbursement sought for receipted but inappropriate expenditure**
- **Vouchers or receipts submitted but no expenditure made**

### **Payroll**

- **'Ghost' employees introduced onto Payroll system, the salary being paid to the perpetrator**
- **Hours worked overstated – misuse of flexible working or overtime systems**
- **Changing employee pay rates or hours without authorization**

### **Ordering**

- **Goods ordered for personal use or from a specific supplier in return for some form of benefit**
- **Goods ordered from own, relatives' or friends' businesses**
- **Accepting a lower number of items than ordered, but certifying an invoice for a higher number**
- **Creating / certifying false invoices for which no order has been raised**

### **Stocks and assets**

- **Using a computer, fax or telephone for running a private business or for other private purposes**
- **Using a franking machine for personal mail**

### **Claims for damages**

- **Personal injury claims falsely alleged as work related or wrongly inflated**

- ***Claims for damage to personal effects falsely alleged as work related or wrongly inflated***
- ***Sick pay / loss of earnings / claims falsely alleged as work related or wrongly inflated.***

***The following controls should be in place to prevent and detect fraud:***

- ***Procedures should be documented and staff trained in their use***
- ***Managers should ensure compliance with those procedures***
- ***Duties should be segregated between staff, to avoid a single employee being solely responsible for the initiation to the completion of a task***
- ***An independent check should be made to verify calculations and documentation of employees, ie travel claims should be checked by managers***
- ***Unused parts of claim forms should be crossed through, to ensure that no additions are made following approval***
- ***Cash holdings should be minimised, and cash and cheques banked regularly***
- ***Budget statements and any associated trends should be reviewed.***

## **Reporting of Financial Malpractice**

***If you suspect fraud, you should speak in the first instance to your line manager, or if this is not appropriate, to a senior manager.***

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Weakness in systems of controls – an action plan will be produced to address any system or management weaknesses and to reduce the risk of fraud and error in the future.



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