



## Anti-Fraud, Bribery, Corruption Policy and Strategy Statement

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## 1. FOREWORD

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### 1.1. The Current Climate and the Authority Stance

- 1.1.1. It is important that the United Kingdom public sector maintains high standards of probity and has a good reputation for protecting the public purse. The minimisation of losses to fraud and bribery is therefore essential for ensuring that resources are used for their intended purpose and sound systems of public accountability and transparency are vital to effective management and in maintaining public confidence. The Cambridgeshire and Peterborough Combined Authority (CPCA) shares these high standards and is committed to protecting the public funds entrusted to it, so as to maximise the resources available for providing community leadership and quality services.
- 1.1.2. The public is entitled to expect the CPCA to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for it. This Corporate Anti-Fraud & Bribery Policy & Statement outlines the Authority's commitment to:
- A firm approach and the maintaining of high ethical standards in its administration of public funds;
  - Strengthening its anti-fraud and bribery culture;
  - Minimising the incidence of, and losses to, fraud and bribery;
  - Developing greater capability and capacity to punish offenders and recover costs as well as losses. The Policy & Strategy Statement also outlines the mechanisms in place to acknowledge the Authority's fraud and bribery risks, to prevent them from occurring and to fully pursue anyone intent on defrauding the Authority.
- 1.1.3. In considering the CPCA's policy and strategic issues, account has been taken of Government and Professional Institution guidance and best practice stemming from:
- National Fraud Authority (NFA) publications and guidance, including the national strategy "Fighting Fraud Together" and the more specific strategy relevant to local government "Fighting Fraud Locally";
  - Audit Commission "Protecting the Public Purse" reports;
  - The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance including "Managing the Risk of Fraud" "Fraud Risk Evaluation Diagnostics";
  - Government publications such as "Eliminating Public Sector Fraud" produced by the Counter Fraud Taskforce and "Tackling Fraud and Error in Government" produced by the Fraud, Error and Debt Taskforce; and
  - Legislation requirements.

- 1.1.4. The success of the strategy will be measured by the extent to which fraud is minimised and proven cases of fraud, bribery or other irregularity are subject to the severest sanctions being imposed, based on the circumstances of each case.
- 1.1.5. Proven cases involving employees are dealt with through the Authority's disciplinary process with any identified losses recovered. Successful prosecutions and disciplinary hearings are publicised, taking account of any restrictions on reporting. Employees and Members are provided with training and are aware of their anti-fraud and bribery responsibilities.

## **2. THE POLICY**

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### **2.1. Aims**

- 2.1.1. The CPCA's policy on fraud, bribery and corruption (including theft and other general wrongdoing) is to take firm action in all cases in accordance with relevant policies and procedures.
- 2.1.2. With this in mind the Authority aims to:
- Continually review and assess its fraud and bribery risks and implement actions to minimise the likelihood of them materialising;
  - Ensure all employees and Members are aware of their individual and collective responsibilities relating to the prevention and detection of fraud;
  - Discourage and prevent incidents of fraud and bribery from occurring, particularly in the areas of greatest risk;
  - Promote and enhance detection routines to identify any incidents that do occur;
  - Investigate and respond effectively to minimise the impact of any suspected or identified incidents of fraud and bribery affecting the CPCA;
  - Strengthen any weaknesses in control systems identified from the investigative process to prevent any recurrence of the situation;
  - Take the strongest possible action against proven perpetrators of fraud or bribery, including offences committed by employees, taking account of the circumstances of each case;
  - Recover any identified losses stemming from confirmed cases of fraud or bribery in addition to any associated investigation costs.

### **2.2. Definitions**

- 2.2.1. The policy requires that there is a good understanding of what constitutes fraud, bribery or other general wrongdoing so that relevant actions can be taken that are commensurate with a zero-tolerance approach. The following definitions are provided with this in mind:

- **Fraud:** is the intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to obtain an advantage, avoid an obligation or cause loss to another party. Fraud is therefore a deliberate, dishonest act by an individual or group of people, which can be committed, as defined by The Fraud Act 2006, as:
  - False representation;
  - Failing to disclose information; and
  - Abuse of position.
- **Bribery:** is offering, promising or giving someone a financial or other advantage to induce or reward that person to perform their functions or activities improperly as defined by The Bribery Act 2010, which came into force 1st July 2011. It is also an offence to request, receive or accept a bribe. The Bribery Act 2010 also introduces a corporate offence of failing to prevent bribery, which requires adequate procedures to be in place and appropriately supported from the highest level of the organisation.
- **Theft:** is the dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it. For the purpose of this Policy, “borrowing” of any CPCA funds for personal use will be classed as theft.

2.2.2. The above definitions cover such acts as deception, forgery, extortion, blackmail, conspiracy, collusion, embezzlement, false accounting / false representation, concealment of material facts, the offering of a gift or reward to influence a person’s actions and misappropriation.

2.2.3. Fraud includes the following:

- Internal fraud and corruption including income misappropriation, manipulation of pension and payrolls and false invoices and other forms of payments to creditors;
- External frauds perpetrated on the organisation in various ways in particular via the manipulation of information technology systems and cyber attacks by external sources(see 3.4 below);
- Targeted frauds involving the devolution of management functions to external organisations thereby losing strong central controls and a lack of separation of duties; and
- Procurement fraud which refers to any fraud relating to the purchasing of goods and services and defined by the National Fraud Authority as follows:

*“Procurement fraud covers the entire procure –to-pay lifecycle, including fraud in the tender bidder selection and contract award stages (for example, illicit cartel activity or bribery of an official to influence the tendering process );as well as fraud occurring during the life of the contract (for example, false, duplicate or double invoicing).Procurement fraud can occur with or without the collusion of an employee within an*

*organisation (sometimes referred to as an ‘insider’), and is prevalent across all sectors of the UK.”*

- 2.2.4. In recent years the need for cyber security has become a strategic necessity. Significant attacks on public sector organisations have occurred in growing numbers. The attacks arise from the use of malware triggered unknowingly by employees clicking on malicious email attachments. The WannaCry ransomware attacks in the NHS in 2017 demonstrated how damaging such attacks can be as well as being a means of extorting money from susceptible organisations.
- 2.2.5. The Authority will be required to collaborate with a number of partners to deliver major projects and services and this will have significant implications for the ways in which the CPCA will need to manage its exposure to procurement fraud risk. In consequence there is need to adapt existing approaches to risk management of partnerships and contracts to minimise the opportunity for fraud.
- 2.2.6. Responsibility for the performance of a third party provider exposes the CPCA to a different ways of procurement fraud. Third parties have different business models, governance standards, levels of risk acceptance and approaches to risk management. Each relationship with a third party is unique and will expose the Authority to failure and its associated impact in a different way. The CPCA will control the risk of fraud by: carefully managing the procurement process to secure suitable providers; conduct rigorous due diligence review of potential contractors and joint venture partners; mitigate the risk of fraud through project management arrangements and effective reporting systems.
- 2.2.7. The CPCA is a fledging organisation at present relying entirely on the information technology services provided by constituent authorities, in particular Peterborough City Council for a range of financial services including the provision of internal audit. In accordance with the Authority’s policies on bribery and corruption the CPCA focus has centred on ensuring that its service deliverers are aware of the high standards of probity and security required. Given the increasing development of the CPCA it is recognised that migration to acquiring its own systems is a distinct possibility during the devolution term. In that event the Authority will give the highest priority to the safeguarding of the systems through the use of high quality counter fraud measures and the provision of cyber security.
- 2.2.8. The CPCA is committed to finding effective ways of combating fraud, bribery and corruption. These include ensuring that managers understand and accept their responsibilities, encouraging a culture that does not tolerate fraud, bribery and corruption and identifying and addressing specific risk areas.
- 2.2.9. Bribery includes the following:

- a financial or other advantage is offered, given or promised to another person with the intention to induce or reward them or another person to perform their responsibilities or duties improperly (it does not have to be the person to whom the bribe is offered that acts improperly); or
- a financial or other advantage is requested, agreed to be received or accepted by another person with the intention of inducing or rewarding them or another person to perform their responsibilities or duties inappropriately (it does not have to be the person who receives the bribe that acts improperly).

It does not matter whether the bribe is:

- given or received directly or through a third party (such as someone acting on the CPCA's behalf, for example an agent, distributor, supplier, joint venture partner or other intermediary); or
- for the benefit of the recipient or some other person.

Bribes can take many forms, for example:

- money (or cash equivalent such as shares);
- unreasonable gifts, entertainment or hospitality;
- unwarranted rebates or excessive commissions (e.g. to sales agents or marketing agents);
- unwarranted allowances or expenses;
- "facilitation" payments/payments made to perform their normal job more quickly and/or prioritise a particular customer;
- political/charitable contributions;
- uncompensated use of services or facilities; or anything else of value.

A breach of bribery laws can result in fines for both the organisation and the individual involved and could also result in imprisonment.

## **2.3. Desired Outcome**

2.3.1. The overall objective of the CPCA's policy is to minimise the incidence of fraud, bribery or other wrongdoing from both internal and external sources and in this respect the Authority recognises the importance of a strong governance framework, culture and the provision of adequate training and awareness sessions for employees and Members. This will enable everyone to:

- be alert to the possibility of fraud, bribery and other wrongdoing;
- allow suspect activity to be recognised and appropriately reported;

- ensure matters are sufficiently investigated and action taken in line with the aims noted at 2.1 above.

### **3. THE STRATEGY**

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#### **3.1. Corporate Framework and Culture**

- 3.1.1. Good Corporate Governance requires that the CPCA is firmly committed to dealing with fraud and bribery and will deal equally with perpetrators from inside and outside the Authority. To this end the CPCA has adopted the National Strategy for countering fraud and bribery in Local Government “Fighting Fraud Locally”, which depicts objectives of Acknowledge, Prevent and Pursue, whereby the CPCA will aim to: acknowledge and understand its fraud risks; prevent and detect more fraud; and pursue fraudsters through stronger punishments and recovery of losses.
- 3.1.2. All cases will therefore be viewed seriously and following investigation the action taken will be as strong as possible in line with the merits of each case and in accordance with various Codes, Rules, Procedures, Protocols, Policies and other documents applicable to the CPCA.
- 3.1.3. The wide range of interrelated documents referred to above provide a corporate framework to counter the possibility of fraudulent activity and / or bribery. These have been formulated taking account of appropriate legislative requirements and expected standards relating to public sector life which include, amongst others: Codes of Conduct for Members and Employees; Financial and Contract Procedure Rules; Disciplinary Procedures; Whistleblowing Code of Practice; Complaints Procedures; Code of Corporate Governance; Gifts and Hospitality Protocols; and the Register of Employee Interests. Such documents guide Members and employees alike and set the ethical standards to which they should operate.
- 3.1.4. The expectation is that elected / co-opted Members and employees of all levels will adopt the highest standards of propriety and accountability and demonstrate that the CPCA is acting in a transparent and honest manner. Consequently, any Member / co-opted Member of the Authority who commits a fraudulent act against the CPCA or is involved with bribery in the performance of their duties will be subjected to the Authority’s procedures for dealing with complaints of misconduct against Members operated via the CPCA’s Monitoring Officer and may be reported to the Police.
- 3.1.5. Any CPCA employee committing a fraudulent act against the Authority or found to be involved with bribery in the performance of their duties will be subjected to the CPCA disciplinary procedures and may be reported to the Police. The internal action in relation to both Members and employees will be entirely separate to any criminal sanction which may be pursued.
- 3.1.6. The highest standards are also expected from all organisations that have dealings with the CPCA. Suppliers, contractors, consultants, partners and

other organisations funded by the Authority are therefore expected to adopt or abide by the CPCA's policies, procedures, protocols and codes of practice. The Authority will consider the extent to which it has further involvement with any organisation that fails to abide by the expected standards.

- 3.1.7. The CPCA believes that the maintenance of a culture of honesty and openness, based on values such as fairness, trust and integrity is a key element in tackling fraud and bribery. In this respect, each Member and employee of the CPCA is under a duty to report any reasonable suspicions and is encouraged to raise any concerns about fraud and bribery, in the knowledge that such concerns will be properly investigated. To this end, the CPCA has a Whistleblowing Policy to protect anyone who wishes to raise concerns in good faith about behaviour / practice.
- 3.1.8. When fraud and / or bribery has occurred due to lack of internal control or an identified breakdown in controls, the relevant Corporate Director will be responsible for ensuring appropriate improvements in systems of control are implemented in order to minimise the risk of recurrence. Where investigations are undertaken by Internal Audit, an audit report will be produced on any control weaknesses and follow up action undertaken as appropriate to ensure the implementation of improvements.

## **3.2. Acknowledging Fraud and Bribery Risks**

- 3.2.1. The CPCA's Internal Audit & Risk Service Manager in undertaking a Corporate Fraud Risk Assessment and will liaise with service management with a view to ensuring the CPCA identifies and understands its key fraud risks, and can take the necessary action to mitigate those risks to the desired level. The Fraud Risk Assessment takes account of the content of any fraud reports and other publications regarding fraud within the Public Sector published by various professional bodies.
- 3.2.2. There is a Corporate Risk Management process whereby all service areas are required to review their risks on a regular basis and consider their "Financial Crime / Fraud Risk" within their own areas of activity and take action accordingly.
- 3.2.3. The CPCA has undertaken a 'fraud loss profile' utilising an online diagnostic tool produced by the National Fraud Authority, which highlights a predicted level of fraud within key areas of risk relating to the public sector. Account has been taken of the predicted levels of loss relative to the Authority's level of spend and other statistics, and assessed against local arrangements and controls as part of the Fraud Risk Assessment referred to at 3.2.1 above.
- 3.2.4. There is a variety of arrangements in place, which facilitate the regular exchange of information between CPCA and other local authorities including combined authorities for the purpose of maintaining an awareness of developing fraud and bribery issues and particularly emerging risks as

fraudsters develop increasingly innovative schemes for committing fraud. Such arrangements include national, regional and local networks of various employee levels, which meet on a periodic basis with a view to increasing awareness of current issues and information to enable appropriate action to be taken to address emerging risks by adopting best known practice.

- 3.2.5. There is also an intelligence gathering, collation and dissemination service on fraud known as the National Anti-Fraud Network (NAFN), of which constituent authorities ...are members. The NAFN issue regular alerts of recent fraudulent activity noted from several sources, including member feedback, and provide services regarding any subsequent investigations that its members may feel warranted.

### **3.3. General prohibition**

- 3.3.1. All forms of bribery and corruption are prohibited. The CPCA will not tolerate any act of bribery or corruption. Any breach of this policy or local law could result in disciplinary action being taken and ultimately could result in dismissal.
- 3.3.2. A bribe does not actually have to take place - just promising to give a bribe or agreeing to receive one is prohibited. Bribery is prohibited when dealing with any person whether they are in the public or private sector and the provisions of this policy are of general application.

### **Gifts and Hospitality**

- 3.3.3. Giving or receiving gifts or hospitality is often an important part of maintaining and developing business relationships. However, all gifts and hospitality should be for a genuine purpose, reasonable, given in the ordinary course of business and should comply with Hospitality and Expenses Policies.
- 3.3.4. Lavish or unreasonable gifts or hospitality, whether these are given or received, are unacceptable as they can create the impression that it is an attempt to obtain or receive favourable business treatment by providing individuals with personal benefits. In addition, gifts and hospitality can themselves be a bribe. It is important to avoid even the appearance that the giving or accepting of gifts or hospitality might influence the decisions taken on behalf of the Authority.

### **Facilitation payments**

- 3.3.5. Facilitation payments are any payments, no matter how small, given to an official to increase the speed at which they do their job. For example, this could include speeding up decision making. All facilitation payments are generally prohibited. Any request for a facilitation payment should be reported to service managers and/or Internal Audit.

### **Agents, contractors, suppliers and joint venture partners**

- 3.3.6. As a commissioning organisation the CPCA engages a range of organisations to deliver services on behalf of the Authority agents. These 'third parties' include constituent authorities, agents, contractors, suppliers and joint venture partners all of which could be liable for the acts of people that act on behalf of the CPCA. As such the CPCA is committed to promoting compliance with effective anti-bribery and corruption policies by all third parties acting on behalf of the Authority. All third parties should be made aware of the terms of the CPCA Code of Conduct requirements and of their obligations to comply with it.
- 3.3.7. All arrangements with third parties should be subject to clear contractual and/or Service Level Agreement terms including specific provisions requiring them to comply with minimum standards and procedures in relation to bribery and corruption. Appropriate due diligence should be undertaken before any third parties are engaged. The appropriate level of due diligence will vary depending on the circumstances and judgement used on a case by case basis. Some high risk transactions require further due diligence which may require independent investigation. Entering into any joint venture arrangement without prior approval is prohibited.

### **3.4. Preventing Risks Materialising**

- 3.4.1. The CPCA recognises that incidents of fraud and bribery are costly; both in terms of reputational risk and financial losses (either directly through the loss of cash / assets and / or through the utilisation of resources in dealing with and resolving any identified cases). The prevention of fraud and bribery is therefore a key objective of the Authority and respective roles and responsibilities are prescribed with a view to developing a preventative culture and environment:

#### **Role of Members**

- 3.4.2. As elected representatives, all Members of the CPCA have a duty to protect the Authority from any acts of fraud and bribery and ensure that resources are used prudently and within the law to safeguard public money. Members including the Mayor, are required to operate and adhere to the CPCA's Constitution, which incorporates a Code of Conduct for Members. The Code includes rules regarding: the disclosure of relationships; the declaration of gifts and hospitality; and registering personal interests.
- 3.4.3. Elected Members sign a declaration that they have read and understood the Code of Conduct for Members when they take office. Conduct and ethical matters are specifically brought to the attention of Members during induction and officers advise Members of new legislative or procedural requirements, with the expectation that training will be provided to Members where required. In this context, any offence committed by a Member of the Authority in their private life, for which they are convicted of a criminal offence, should be brought to the attention of the Monitoring Officer by the Member concerned, with a view to enabling an appropriate risk assessment of any possible impact on their Authority role. It should be noted that

conviction of a criminal offence does not necessarily mean attendance at court, as in the case of accepting a speeding offence and paying the fine. All such offences should be disclosed to ensure that a full risk assessment can be undertaken.

### **Role of Monitoring Officer**

- 3.4.4. The CPCA's Monitoring Officer has a statutory responsibility to advise the Authority on the legality of its decisions and to ensure that the CPCA's actions do not give rise to illegality or maladministration. The Monitoring Officer also encourages the promotion and maintenance of high standards of conduct within the Authority, particularly through the provision of support to the role of Section 151 Officer.
- 3.4.5. Section 151 of the Local Government Act 1972 places a statutory responsibility on the Authority to appoint a 'Section 151 Officer' to ensure the proper administration of the Authority's financial affairs. To this end, the Section 151 Officer will advise all Members and employees regarding financial propriety, probity and budgetary issues. The Section 151 Officer role is very much supported by the work undertaken by Internal Audit.

### **Role of Management**

- 3.4.6. Managers at all levels are responsible for establishing sound systems of internal control in all of their service's operations, both financial and otherwise, such that the CPCA has sound methodologies for administering its responsibilities in the provision of services. 'Internal control' means the systems of control devised by management to ensure the Authority's objectives are achieved in a manner that promotes economic, efficient and effective use of resources. Such systems must safeguard the CPCA's assets and interests from fraud, bribery and other wrongdoing and steps must be taken to enhance them as necessary following any identified incident of fraud, bribery or other wrongdoing, or if weaknesses in controls are identified through other means.
- 3.4.7. Managers are also responsible for ensuring that their employees are aware of the Authority's Constitution (including the related policies, protocols, codes and procedures and in particular the Code of Conduct for Employees and the Anti-Fraud and Bribery Policy) and that the requirements of each are being met in their everyday business activities.
- 3.4.8. Managers are expected to create an environment within which employees feel able to approach them with any concerns they may have about suspected irregularities and adhere to the Whistleblowing Policy when applicable.
- 3.4.9. The CPCA recognises that a key preventative measure in dealing with fraud and bribery is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency

staff. The Authority's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history.

- 3.4.10. Management is also required to ensure that employees are properly trained to discharge the responsibilities allocated. Once training has been provided, performance is monitored and action taken where appropriate to ensure adherence to proper practices / agreed procedures.

### **Role of Employees**

- 3.4.11. Employees are governed in their work by the various policies, protocols, codes, rules and procedures, particularly regarding conduct issues and are responsible for ensuring that they follow any instructions given to them by management, particularly in relation to the safekeeping of assets. In this context, any act committed by an employee of the Authority in their private life, for which they are convicted of a criminal offence, should be brought to the attention of their line manager by the employee concerned, (in line with the requirements of the Employee Code of Conduct), with a view to enabling an appropriate assessment of any possible impact on their job role and the instigation of any action to address associated risks. Failure to do so, should the matter come to light through other means, may result in investigation under the CPCA Disciplinary Procedure.
- 3.4.12. Line managers should consult with Internal Audit and HR in assessing risks to the Authority regarding any notification by an employee of a criminal conviction.
- 3.4.13. Employees also have a duty to be alert to the possibility that fraud and bribery may exist in the workplace and are obliged to share (with management or other agreed body as detailed in the Fraud Response Plan at Appendix 1) any concerns they may have. Employees are protected under the Whistleblowing Policy, where required, regarding any concerns they raise in good faith.

### **Role of Internal Audit**

- 3.4.14. Internal Audit independently monitors the existence, appropriateness and effectiveness of internal controls as a service to management and thereby plays a vital preventative role. Internal Auditors are empowered through the Authority's Financial Procedure Rules and as agreed in the SLA with Peterborough City Council terms of reference to:
- Enter at all reasonable times any Authority premises or land;
  - Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
  - Have access to records belonging to third parties such as contractors when required (dependent on rights of access clauses within individual contracts / agreements);

- Require and receive such explanations as are regarded necessary concerning any matter under examination;
  - Require any employee of the CPCA to account for cash, stores or any other CPCA property under their control or possession.
- 3.4.15. Internal Audit work results in a liaison / reporting process whereby changes in procedures are recommended / agreed with management with a view to reducing risks and preventing losses to the Authority.
- 3.4.16. Internal Audit also follows up and informs management as to the extent that such agreed action has been implemented. Internal Audit has reporting lines to the highest levels of authority within the CPCA, enabling any failure to implement agreed action to be appropriately challenged.
- 3.4.17. In addition to the independent assurance role outlined above, Internal Audit has a significant proactive and reactive role to play in the Authority's fight against fraud. In supporting the s151 Finance Officer, Internal Audit fulfils the following role:
- Production and periodic update of this Policy document;
  - Coordinating completion and ongoing review of a Corporate Fraud Risk Assessment in liaison with relevant Managers, aimed at assessing and evaluating the CPCA's vulnerability to significant fraud;
  - Dealing with fraud concerns in line with the Fraud Response Plan detailed at Appendix 1 of this Policy;
  - Periodic review of the Authority's arrangements for acknowledging; preventing and pursuing fraud, including developing and coordinating implementation of an Anti- Fraud Action Plan;
  - Coordinating provision of training to Members and officers on anti-fraud related issues;
  - Proactive testing of CPCA transactions / activity in areas at risk of fraud in order to provide levels of assurance on processes in place.

### **Role of External Audit**

- 3.4.18. Independent external audit is an essential safeguard of the stewardship of public money. Our external carry this out through specific reviews that are designed to test (amongst other things) the adequacy of the Authority's financial systems and arrangements for preventing and detecting fraud and bribery. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud, bribery and other irregularity, and will act without undue delay if grounds for suspicion come to their notice.
- 3.4.19. The external auditor has a responsibility to review the Authority's arrangements for preventing and detecting fraud and irregularities within financial statements, and arrangements designed to limit the opportunity for bribery.

## Role of Partners, Contractors, Suppliers and other Organisations associated with the CPCA

3.4.20. All organisations associated with the Authority are expected to take a proactive role in ensuring the occurrence of fraud and bribery is minimised regarding any dealings with the CPCA, in line with the due diligence expectations portrayed by the Bribery Act 2010. The standards expected are often set out through legal agreements, which specify the requirements of the CPCA, when setting up partnerships and other contractual arrangements. However in the interests of good working relationships and continued dealings with the Authority, all associated organisations have a general duty to be vigilant regarding the possibility of fraud and bribery, irrespective of any legal agreement, with a view to reporting any suspicions in accordance with the principles stemming from the CPCA's own policies, procedures and standards, which includes possible referral to the Police.

## Role of the Public

3.4.21. Whilst this policy is primarily aimed at those within or directly associated with the Authority, the public has a role to play in that they should be honest in their dealings with the CPCA and inform appropriate Members / employees if they feel that fraud, bribery or other wrongdoing may have occurred.

## Other Arrangements

3.4.22. Both elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information. Where such conflicts do arise, these should be openly disclosed and recorded and the relevant Member / employee should not be involved in the decision-making process. Additionally, Members / co-opted Members and employees have a duty to be open and honest about any incidents that they may have been involved in outside of their Authority role, which could adversely impact on the CPCA's reputation or the ability to fulfil their role with impartiality.

3.4.23. Deterrence also acts as a preventative measure against potential wrongdoers by outlining the consequences of committing or attempting fraudulent acts or becoming involved with bribery. The CPCA seeks to deter would-be fraudsters by publicising that:

- The CPCA is firmly against fraud and bribery and will take stern action against perpetrators which may include dismissal of employees, prosecution of offenders and termination of contracts for services;
- The Authority will act robustly and decisively when fraud and / or bribery are suspected and, if proven, will take the strongest action as appropriate bearing in mind all relevant factors of each case;

- CPCA will always seek to maximise recoveries through agreement, repayment, court action, penalties and fines, insurance, employee superannuation benefits or any other means that may be open to them such as the Proceeds Of Crime Act (POCA);
- The Authority has specific powers to impose a penalty or a fine in addition to recovering the actual values involved with some acts of fraud and bribery and will publicise any penalties and fines actually imposed, taking account of any relevant reporting restrictions;
- All cases will be referred to the police where there is sufficient evidence that criminal offences are likely to have occurred;
- The CPCA will liaise with the press with a view to promoting any anti-fraud and bribery initiatives and disclosing the outcomes of investigations undertaken, with a view to creating a naming and shaming ethos, where deemed appropriate and taking account of relevant reporting restrictions.

### 3.5. Pursuing Offenders

3.5.1. Detecting incidents of suspected fraud and bribery is the first step towards pursuing offenders and recovering any identified losses. Whilst it is not solely an Internal Audit responsibility to detect fraud and bribery (this is the responsibility of management as well), Internal Audit plays an important role in such detection. Internal Audit Plans include reviews of systems of internal control, specific fraud, error and bribery tests, spot checks and unannounced visits. Such work invariably contributes to improved controls / procedures that may aid detection of fraud, bribery and error or otherwise deter it from happening.

3.5.2. Corporate Directors and their managers have responsibility for detecting fraud and bribery and incorporate the following into daily work routines, which may identify concerns requiring:

- further investigation;
- supervisory checks;
- authorisation procedures;
- Random spot checks / observations;
- Other internal checks where the work of one person acts as a check on another person such as 'reconciliation procedures';
- Other operational and management control procedures such as 'Segregation of Duties'.

Additionally, where management has any concerns about the effectiveness of their control systems they should request specific reviews to be undertaken by Internal Audit.

3.5.3. It is often the alertness of employees or members of the public who report their suspicions, which leads to the detection of fraud or bribery. Allegations and complaints are by far the most common means by which incidents of fraud and bribery are detected and as such the Authority treats this type of

- information seriously; maintaining confidentiality as far as possible and operating in line with the Whistleblowing Policy as applicable.
- 3.5.4. Awareness of the main indicators of fraud and bribery is also advantageous to the detection of these offences as this aids employees to spot suspicious circumstances and report them accordingly. To this extent the CPCA is committed to training and communicating relevant issues with a view to Members, managers and employees being updated with the relevant facts that will aid their vigilance regarding the identification of fraud and bribery.
  - 3.5.5. The Peterborough City Council's Internal Audit team uses software to review its key systems data and search for potential fraud and error. As with data matching, the output from the data analysis is further investigated with a view to determining whether fraud or error has taken place and reporting outcomes to service management to take action as may be necessary. The intention is to continually make better use of information and technology with a view to enhancing detection of suspected fraud and other wrongdoing, and engaging with management as necessary to further investigate.
  - 3.5.6. Investigation into any suspected or discovered fraudulent activity or bribes will be carried out in accordance with the CPCA's Fraud Response Plan (see Appendix 1) and related protocols with the Police.
  - 3.5.7. Subject to the outcome of an investigation providing evidence of wrongdoing then the CPCA will seek to pursue offenders to the full extent of its powers with a view to concluding the case with the most severe and appropriate sanctions possible under the circumstances of each case. Additionally where a successful criminal prosecution has been achieved and there is evidence of a criminal lifestyle, a financial investigation will be considered in relation to the Proceeds of Crime Act (POCA) 2002.
  - 3.5.8. Where adverse issues are noted in terms of the progress of an investigation or which leads to any subsequent challenge of outcomes from an investigation, then a note will be made of such issues and reported as necessary throughout the CPCA with a view to learning any appropriate lessons and ensuring future investigations avoid such pitfalls. The note will take the form of a 'lessons learned' log, which must be communicated to all those that need to know to ensure continuous learning and suitability of arrangements.

### **3.6. Training / Continuing Awareness**

- 3.6.1. The CPCA recognises that the success of the anti-fraud and bribery arrangements will, to a degree, depend on the effectiveness of programmed training and continuing awareness of officers and of facilitating the ability of officers to be alert and responsive to fraud and bribery issues.
- 3.6.2. To facilitate awareness of these arrangements, the CPCA supports the concept of including anti-fraud responsibilities and procedures within induction training for all new Members and employees of the Authority. Support is also given to any more detailed anti-fraud and bribery training that

is subsequently deemed to be required with a view to ensuring everyone knows their responsibilities and duties regarding fraud and bribery.

#### **4. CONCLUSION**

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The CPCA has in place a robust network of systems and procedures to assist it in the fight against fraud, bribery and corruption. The Authority is determined that these arrangements will keep pace with any future developments for countering fraud and bribery in particular to combat developments in computer fraud. To this end, the CPCA will maintain a continuous overview of cybersecurity developments.

These anti-fraud and bribery arrangements provide a comprehensive framework for dealing with fraudulent acts, bribes and other wrongdoing against the Authority, which should limit the possibility of any adverse impact. The approval of this Policy & Strategy Statement demonstrates the CPCA's commitment to protecting public funds, minimising losses to fraud and bribery and maintaining its reputation.

Having made this commitment, it is imperative that Corporate Directors put in place arrangements for informing staff of the Anti-Fraud & Bribery Policy & Strategy; the related Policies, Procedures, Protocols, Codes, Rules and other documents. The CPCA recognises the importance of promoting fraud awareness throughout the organisation and is committed to ensuring that Members and staff receive guidance on issues such as:

- The need for Members and officers to comply with laws and regulations applicable to the Authority's business;
- Holding positions outside the Authority and other potential conflicts of interest;
- Inducements, gifts and entertainment; and
- Developments in computer fraud and the provision of cybersecurity systems
- Methods of establishing cost-effective controls and procedures to prevent, detect, deter and deal with fraud.

## APPENDIX 1: FRAUD RESPONSE PLAN

### 1. INTRODUCTION

1.1. The purpose of this Fraud Response Plan is to set out the action to be taken when a fraud is suspected or discovered and reported to management or an appropriate officer within the Authority. The Plan is part of the CPCA's overall Anti-Fraud & Bribery Policy & Strategy Statement, embodied within the CPCA's Constitution and, as such, will be applied to all reported or identified incidents of fraud and bribery that affect the Authority; whether committed by elected Members, employees, or persons from outside the CPCA such as contractors, suppliers, partners, members of the public or other bodies associated with the Authority.

1.2. The Plan covers the following areas:

- Reporting concerns or suspicions about fraud, bribery or irregularity within the CPCA;
- Reacting to reported incidents;
- Conducting the investigation;
- Action to be taken against perpetrators of fraud and bribery;
- Training and review.

1.3. Adhering to the Plan will enable the CPCA to:

- Deal with fraud and bribery in a consistent and responsible manner;
- Ensure any loss or damage is minimised;
- Take appropriate action against the perpetrators;
- Recover any identified losses to the fullest degree possible;
- Review the reasons for the incident and, where necessary, take action to prevent a recurrence;
- Deter would-be fraudsters through communicating outcomes, taking account of any legislative restrictions.

### 2. REPORTING CONCERNS OR SUSPICIONS

2.1. General concerns or actual suspicions of fraud, bribery or other irregularity may arise through supervisory arrangements or other checks and observations of employees or simply through overheard comments or knowledge regarding particular issues. In such circumstances employees are required to report genuine concerns or suspicions without delay to an appropriate manager within the CPCA to allow consideration as to the best way forward by way of review or investigation.

- 2.2. Whilst it is accepted that people may wish to remain anonymous, investigations are often much more efficient when there is opportunity to go back to the referrer so that any ambiguity can be clarified and further questions asked where initial detail may be sketchy. It is therefore preferable for people reporting their concerns to be open, leave contact details and co-operate with any investigators allocated to the case. This ensures that all relevant information is likely to be obtained and helps progress matters much more quickly and efficiently.
- 2.3. In the first instance, reports should be made verbally (in person / via telephone) or in writing (letter / e-mail) directly to:
- An appropriate Manager;
  - The relevant Corporate Director where it may not be appropriate to inform the Manager;
  - The CPCA Internal Audit section where there are concerns as to whether it should be reported within the relevant service area (e.g. where there is a possibility of the relevant Corporate Director or Manager being associated with the concerns raised);
  - The CPCA's Monitoring Officer where a Councillor, the Chief Executive or a Corporate Director is purported to be directly involved;
  - An appropriate higher level of management if previous concerns do not appear to have been acted upon within a reasonable period of time.
- 2.4. It should be noted that matters can be reported to outside organisations if there is good reason to think that matters will not be dealt with properly by reporting them within the CPCA or where staff feel dissatisfied with an internal investigation into their concerns. The Authority's Whistleblowing Policy outlines the options available for reporting matters outside the CPCA.
- 2.5. Regardless of which of the above officers receive initial notification of suspected fraud, bribery, theft or other irregularity the matter must be brought to the attention of Internal Audit immediately to facilitate proper consideration and investigation of matters and to follow up on progress as necessary.

### **3. REACTING TO REPORTS OF POTENTIAL FRAUD, BRIBERY OR IRREGULARITY**

- 3.1. All reported cases of suspected wrongdoing will be treated seriously and investigated in accordance with relevant legislation and the CPCA's Anti-Fraud and Bribery Policy & Strategy Statement, unless there is reason to believe that there is no foundation to the report or that the report has been made maliciously. Where concerns or suspicions are found to have been made

maliciously, the CPCA will consider the options open to it for taking action against the person making them and instigate proceedings as may be appropriate, including the possibility of taking action under the Disciplinary Procedure where employees are involved.

- 3.2. All investigations will be carried out thoroughly with a view to establishing the facts, but will be sensitive to the alleged wrongdoers to ensure minimisation of any possible damage where matters cannot be substantiated.
- 3.3. Once a concern is reported, appropriate steps will be taken to secure all possible evidence and ensure a complete and objective investigation takes place in all cases, whether financial or not. Management will liaise with Internal Audit to ensure full consideration of the issues and the extent to which immediate action needs to be taken and who will take it.

#### **4. CONDUCT OF THE INVESTIGATION**

- 4.1. Internal Audit is responsible for overseeing all fraud and bribery investigations to ensure that they conform to the same standard and are in accordance with legislation, professional practice and any agreed procedures. Investigation of the suspected fraud, bribery or other irregularity will be carried out by service management, Internal Audit or jointly, following consultation.
- 4.2. The method of conducting the investigation will be determined when the initial facts are known and the potential severity of the issue is ascertained, but as a minimum will establish Terms of Reference setting out:
  - The people who will conduct the investigation;
  - Arrangements for collecting and documenting evidence, taking account of the CPCA formal Management Investigation Guidance where appropriate;
  - Estimated time span;
  - Adherence to legislation / professional standards;
  - Consideration of referral to / liaison with the Police;
  - Consideration of the need to suspend / transfer from duty the individual(s) concerned if a CPCA employee;
  - Agreed reporting mechanism;
  - Consideration of who may chair the disciplinary hearing / appeal should the need arise;
  - Contacts within Human Resources allocated to the case for liaison purposes.
- 4.3. Internal Audit has responsibility for notifying the Police of incidents that are likely to have involved criminal acts. Referral will be subject to liaison with the

appropriate Corporate Director(s), but where there is any conflict of opinion the Section 151 Officer, in conjunction with the Chief Executive, will make the final decision. Any referral to the Police will be undertaken in accordance with the protocol set up between Internal Audit and the Police and may involve either financial or non-financial cases). Any case referred will not normally impact upon investigative work undertaken by officers of the CPCA. All employees will cooperate fully with Police enquiries and, wherever possible, CPCA and Police enquiries will be coordinated to maximise the effective and efficient use of resources and information.

- 4.4. Any necessary investigation will be conducted without regard to any person's relationship with the CPCA, position, status or length of service, but subject to any legislative requirements relative to the extent of envisaged action, (i.e. whether the matter is likely to be dealt with under internal disciplinary procedures or involving the Police / Courts).
- 4.5. Regardless of who undertakes the investigation, following an examination of records and / or the conduct of interviews with relevant persons, findings will be documented and a report made to management for appropriate action to be taken. Where such a report is compiled by Management, Internal Audit will be given opportunity to comment on such documentation / reports in the interests of consistency and upholding relevant standards. All reports will outline any control weaknesses that enabled the incident to occur and make recommendations to strengthen control systems with a view to preventing any recurrence.
- 4.6. In certain circumstances where investigations are undertaken within the service area as part of the role of management there will be a need to assess whether there has been a fraudulent attempt or simply an error, mistake or oversight. In supporting Management in making this judgement, the intention is for the facts of each case to be presented to a Fraud Panel by the service area concerned with a view to making a determination as to whether to prosecute the offender or not. Such a Fraud Panel will be made up from various disciplines within corporate services (Audit, Legal and HR if appropriate where employees are involved) and will meet when required to hear cases (bearing in mind the need to comply with any time barring issues relevant to such cases) with a view to making recommendations on reports made by the service area as to whether a prosecution should be brought.

## **5. CONSIDERATION OF FURTHER ACTIONS**

- 5.1. Where initial enquiries provide reasonable grounds for suspecting an elected Member or a CPCA employee, appropriate consideration will be given to the

need to suspend from duty, or transfer to other duties, the individual(s) concerned. Any suspensions will result in the individual(s) being escorted off the premises, having been allowed to collect personal property only. Items such as security passes, petty cash floats, mobile telephones and keys to premises, offices and furniture will be recovered instantly and where CPCA property is held at the individual's home, he / she will be accompanied by a member of staff to recover any such items.

- 5.2. Management will consider the need for / process of denying suspended or transferred individuals access to colleagues, premises / property / records relevant to the investigation. Where necessary, steps will be taken to change locks, withdraw access to computer systems and instruct colleagues accordingly to ensure a complete and objective investigation can take place.
- 5.3. Following an investigation, disciplinary action will be considered where appropriate and any such action required will be conducted in line with relevant employment legislation, recognised Codes of Practice and the CPCA's own documented procedures.
- 5.4. It is the responsibility of management to ensure that losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. Recovery will be by one of the following methods:
  - Agreement by the perpetrator to repay amounts due, either in full or by instalments as agreed with management;
  - Through a pension scheme;
  - Following a civil action, in which case the advice of the CPCA's Monitoring Officer will be sought;
  - Through the CPCA insurers;
  - Through confiscation proceedings under POCA / court rulings.
- 5.5. The person raising the initial concerns will be informed of progress / completion of the investigations (but not outcomes) irrespective of whether allegations were substantiated or not.
- 5.6. Where investigations do not substantiate the allegations the outcome will only be communicated to persons who have a legitimate need to know, so as to minimise any possible damage to the reputation of individuals suspected, but subsequently found innocent, of fraud.
- 5.7. To act as a deterrent and reduce the risk of recurrence, outcomes of investigations where fraud, bribery or irregularity is substantiated will be communicated internally to employees and Members in broad terms, where deemed appropriate by management after consultation with Internal Audit.

Additionally, taking into account legislative restrictions, wider communication of outcomes to the community / press will be considered at a corporate level on a case by case basis with a view to promoting the CPCA stance on fraud, bribery and irregularity and that the Authority will do what it needs to do to combat such instances as and when they are identified.

## **6. TRAINING AND REVIEW**

- 6.1. A comprehensive training programme will be established and led by Internal Audit with support from other service areas within the CPCA, to ensure consistency of approach in identifying/dealing with fraud, bribery and other irregularities. Training issues will include:
  - Ability to identify any possible fraud, bribes or other irregular activity; Dealing with reports of suspected fraud and bribery;
  - Carrying out investigations;
  - Conducting interviews;
  - Attendance at Disciplinary Hearings;
  - General awareness of responsibilities for fraud & bribery.
- 6.2. Training requirements will be reviewed to take account of CPCA policies and procedures, new legislation and any need arising from changes in circumstances with a view to ensuring continued compliance with the Anti-Fraud & Bribery Policy.
- 6.3. The Fraud Response Plan will be reviewed periodically taking account of all incidents of fraud, bribery and irregularity, to ensure that it remains appropriate and relevant. Any requirement for amendment, resulting from the review, will be agreed between Internal Audit, Legal Services and Human Resources as appropriate.