



BUGLE SCHOOL

ANTI FRAUD, BRIBERY & CORRUPTION POLICY

Introduction

Cornwall Council has a duty to protect the public funds under its control against fraud, bribery and corruption, both from within the Council and from external sources. This Policy is part of the Council's commitment to protect public funds.

The Council seeks firstly to prevent fraud, bribery and corruption, but will take all action necessary to identify these acts if suspected, and take appropriate action against those responsible.

The threat to the Council from fraud, bribery and corruption is both internal and external. The Council's expectation is that employees and Members at all levels will lead by example to ensure high standards of propriety and accountability are established and adhered to and that personal conduct is above reproach at all times.

The Council acknowledges the responsibility it has for the administration of public funds, and wishes to emphasise the importance it places on probity, financial control and honest administration.

Cornwall Council has a **zero tolerance** policy on any form of fraud, bribery or corruption.

Note: Throughout this policy the term Fraud is used generically and includes bribery, theft and corruption.

What constitutes fraud, bribery and corruption?

Fraud:

The Fraud Act 2006 came into force in January 2007. The Act created a single offence of fraud and defined this in three classes:

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of:

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

CIPFA defines fraud as “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.

Whilst this definition does not include misappropriation or petty theft where there is no distortion of financial statements or other records, this document is intended to cover these as well as any other significant irregularity (financial or other) which may affect the authority.

Bribery is defined as:

An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

The Bribery Act 2010 came in to force on 1 July 2011. There are four key offences under the Act:

- Bribery of another person (section 1)
- Accepting a bribe (section 2)
- Bribing a foreign official (section 6)
- Failing to prevent bribery (section 7)

The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign official with the intention of obtaining or retaining business or an advantage in the conduct of business. There is also a corporate offence under Section 7 of failure by an organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation.

Corruption is defined as:

The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

Policy Statement

The aim of this policy is to make clear to employees (both permanent and temporary), Members, any type of contractor, other bodies and the general public, Cornwall Council's approach to fraud.

The Council is committed to the prevention, deterrence and detection of fraud and has a **zero tolerance** approach.

When the Council is aware of an alleged or actual case of fraud this Policy will, to the extent necessary and lawful, take precedence over related Council procedures / policies.

The New Bribery Act 2010

The introduction of the new Bribery Act 2010 reinforces the fact that it is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a Government official, agent or representative to "facilitate" or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them

- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

Culture

The culture of the Council is one of openness and the Council is committed to sound corporate governance, and supports the original Nolan Committee's "Seven Principles of Public Life", namely:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty; and
- Leadership

As a preamble to the Code of Conduct for Members the Council also has the following additional Principles of Public Life:

- Personal judgement
- Respect for others
- Duty to uphold the law; and
- Stewardship

The overall culture therefore, supports the opposition to fraud, bribery and corruption.

There is an expectation and requirement that all individuals and organisations associated in whatever capacity with the Council will act with integrity and that Council Members and employees, at all levels, will lead by example in these matters.

This policy clearly lays out the Council's commitment to the fight against fraud. The Council has stressed that it will deal with such matters seriously and take all necessary action, both to prevent such occurrences and to detect and deal with identified cases.

The Council operates a **zero tolerance** policy with regards to fraud and will take all necessary action and raise Member and officer awareness consistent with this agreed policy.

Prevention

The Role of Elected Members

As elected representatives, all Members of the Council have a duty to the residents of Cornwall to protect the Council and public money from any acts of fraud. This is done through this Policy, compliance with the national Code of Conduct for Members, the Council's Constitution and other relevant regulations and legislation.

When elected Members take office they sign to the effect that they understand and will adhere to the Code of Conduct for Members. Conduct and ethical matters are specifically brought to the attention of Members during induction and other training, including the declaration and registration of interests.

The Role of the Head of Finance (Section 151 Officer)

The Head of Finance has been designated as the statutory officer responsible for the Council's financial affairs as required by Section 151 of the Local Government Act 1972. These responsibilities outline that every local authority in England and Wales should:

“make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs”.

Under these responsibilities the Head of Finance has overall responsibility for the anti-fraud and corruption framework of the Council. In the main this responsibility is fulfilled through the function of Internal Audit.

The Role of Managers

Managers at all levels are responsible for implementing and maintaining an effective control environment to prevent fraud. Managers are also responsible for ensuring that their employees are aware of the Council's policies, procedures and regulations and that each of them is being met in their everyday business activities.

Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.

The Council recognises that a key preventative measure in dealing with fraud and corruption 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, or agency staff. Staff recruitment must, therefore, be in accordance with procedures laid down by the Head of Human Resources and as endorsed by Members.

Given the scale of the organisation, management has a critical responsibility for reporting possible weaknesses and / or concerns to the Chief Internal Auditor which may lead, or have led to fraud, corruption, bribery or any irregularity.

Responsibilities of Employees

Each employee is governed in their work by the Council's Code of Conduct for Employees, as well as other policies on conduct, procedures and statutory requirements.

Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Council.

Employees are expected always to be aware of the possibility that fraud and corruption may exist in the workplace and be able to share their concerns with appropriate officers. Any concerns should be raised and dealt with either through direct reporting or in accordance with the Council's Whistleblowing Policy.

The Council is required to comply with legislation relating to money laundering. A separate Anti-Money Laundering Policy and Guidance Note has been prepared (see Council Intranet site). Although it is unlikely to directly impact on the Council's activities, there is a legal requirement for employees to report any financial transactions which could be indicative of criminal action to the Council's Money Laundering Reporting Officer (Assistant Head of Finance - Audit, Insurance and Risk Management).

Role of Internal Audit

Internal Audit plays a vital preventative role in ensuring that systems, processes and procedures are in place to prevent and deter fraud and corruption.

From its work Internal Audit delivers an annual opinion to the Audit Committee and the Section 151 Officer on the Council's risk management, control and governance arrangements. In relation to fraud, this responsibility includes examination of the adequacy of arrangements for managing the risk of fraud and ensuring that the Council actively promotes an anti-fraud culture and awareness.

In addition, Internal Audit assists in deterring and preventing fraud by examining and evaluating the effectiveness of control, commensurate with the risk, throughout the Council's operations. This includes ensuring that management has reviewed its risk exposure and identified, and mitigated against, the possibility of fraud as a business risk.

Aside from the regular annual plan of audit work, Internal Audit also has a pro-active annual programme of counter fraud work. This is designed to specifically review arrangements in place within areas of activity that are more exposed to the risk of fraud and corruption.

Internal Audit has overall responsibility for investigating suspected fraud, corruption and significant irregularity.

Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Council.

The Role of the Benefit Fraud Team

The Benefit Fraud Team is now incorporated within the Internal Audit service and is responsible for all benefit fraud investigations, in accordance with legislation. In cases where employees are involved in suspected or actual benefit fraud, they will work with Internal Audit, HR and appropriate senior management to ensure that correct procedures are followed and that the matter is dealt with under the Code of Conduct for Employees and the Council's Disciplinary Procedure, as appropriate.

The Role of External Audit

Independent external audit is an essential safeguard of the stewardship of public money. External Auditors undertake specific reviews that are designed to (amongst other things) confirm the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption.

External auditors are always alert to the possibility of fraud and corruption and will act without undue delay if grounds for suspicion come to their attention.

Where the External Auditor is required to undertake an investigation they will operate within legislation and their Codes of Conduct.

Liaison With Others

There are a variety of arrangements in place, which facilitate the regular exchange of information between the Council and other agencies on a national and local basis, for the purposes of preventing and detecting fraud and corrupt activities.

The Council acknowledges that it cannot afford to work in isolation and must liaise with other organisations. To this end the Council has fostered a number of external contacts which include:

- The Police

- County, Unitary and District Council Groups
- The Audit Commission
- The Department for Work and Pensions
- HM Revenue and Customs
- Government Departments
- National Anti-Fraud Network

This list is not exhaustive.

All liaisons are subject to adherence to Data Protection legislation and regard to the proper handling of confidential information.

Official Guidance

The Council reviews its Constitution, Financial Regulations, Contract Procedure Rules and Codes of Conduct on a regular basis. A duty is placed upon all employees and Members to act in accordance with such documents when dealing with affairs of the Council.

Deterrence

Prosecution

In cases where there is evidence to suggest that a criminal offence has been committed, it is the responsibility of the Chief Internal Auditor (Assistant Head of Finance - Audit, Insurance and Risk Management) to submit the case to the Police for investigation and prosecution as appropriate.

Disciplinary Action

Fraud, bribery and corruption are serious offences against the Council and will be regarded as gross misconduct. Employees will face disciplinary action if there is evidence that they have been knowingly or recklessly involved in these activities. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case, but in a consistent manner.

Members will face appropriate action under this policy if they are found to have been involved in fraud against the Council. Action will be taken in addition to, or instead of, criminal proceedings, depending on the circumstances of each individual case, but in a consistent manner. If the matter is a breach of the Code of Conduct for Members then it will also be referred to the Standards Committee who in turn have the option of referring the matter to the Standards for England (a government body established to help maintain high standards in local democracy).

Publicity

The Council will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. The Council will try to ensure that the results of any action taken, including prosecutions, are also reported to the press.

All key anti-fraud and corruption activities, including the updating of this policy, will be publicised in order to reiterate the Council's commitment to taking action on fraud when it occurs.

Internal Audit will publish a periodic Fraud Bulletin which highlights recent cases of fraud within the public sector and advise what measures can be taken to prevent similar occurrences in Cornwall Council.

Detection and investigation

Detection

It is the responsibility of management to prevent and detect fraud. However, Internal Audit plays an important role in detection through its normal course of work, but more specifically through a wide range of pro-active counter fraud tests and reviews.

In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud, but it is often the vigilance of employees that aids detection.

In some cases frauds are discovered by chance or “tip-off” and arrangements are in place to enable such information to be properly dealt with. The Council also undertakes specific initiatives to detect fraud. Examples include:

- Data matching both internally and with the Audit Commission to match data across different systems to detect fraud / irregularity.
- Participation in the National Anti-Fraud Network.

Reporting and Investigation

Any person who has concerns of fraud or irregularity having been or being perpetrated against the Council, must report the concern. The report should be made to the officer's line manager unless the officer is concerned that the line manager may be involved in which case the report should be to the Chief Internal Auditor (Assistant Head of Finance - Audit, Insurance and Risk Management). The report should be made immediately the concern has been identified.

In all instances management must immediately, upon receiving a report of suspected fraud or significant irregularity, inform the Chief Internal Auditor. This is to:

- ensure the protection of public assets
- ensure the consistent treatment of information regarding fraud, corruption or significant irregularity
- facilitate if required a proper and thorough investigation by appropriate officers in accordance with agreed procedures
- maximise the chances of a prompt and satisfactory outcome, with appropriate sanctions being applied
- help identify commonalities of irregularity and associated control weaknesses with a view of improving arrangements and processes.

Depending on the nature of the suspicions, the Chief Internal Auditor will work closely with the Director concerned and, where necessary, appropriate Corporate Support service staff (e.g. HR, Legal Services, Finance, Information Services) to identify and agree how any required investigation will be carried out and by whom.

Persons suspecting fraud or irregularity also have the option of reporting suspicions via the Council's Whistleblowing Policy.

Recovery of Losses

In all cases where the Council has suffered a financial loss, the Council will seek to recover the loss, utilising the Proceeds of Crime Act where appropriate.

Awareness and Training

The Council recognises that the effectiveness of this Policy, and its general credibility, will depend largely on the effectiveness of training, awareness and communication.

This Policy will be an integral part of the induction programme for Members and employees.

It is the responsibility of service managers to communicate this policy to their staff and promote a greater awareness of fraud within their business units.

Summary

The Council has a clear commitment to minimising the possibility of fraud or other misuse of public money and assets. It pledges to take all action necessary to identify such cases, and pursue the recovery of losses and the punishment of those responsible.

The Council has implemented a clear network of systems and procedures to assist in the fight against fraud. These arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect the Council's operations or related responsibilities.

This Policy fully supports the Council's desire to maintain an honest authority, free from fraud.

Links with other policies

This policy also links to (and should be read in conjunction with) the following policies:

- Employee Code of Conduct
- Members Code of Conduct
- Whistleblowing Policy
- The Constitution
- The Housing and Council Tax Benefit Sanction Policy
- Disciplinary Procedure

Implementation

This Policy will be implemented via the NetConsent system and through other communication methods (such as Team Talk and notices on payslips). The Policy will also be made available on the internet and intranet.

Consultation

This Policy was developed in consultation with Legal Services and Human Resources. This policy has been approved by the Corporate Leadership team.

Review

This Policy will be reviewed by the Chief Internal Auditor on an annual basis.

Equality Impact Assessment

An initial Equality Impact Assessment was carried out on 21 April 2010 by Human Resources. It is not necessary to progress to a full assessment.

Approval Route

Audit Committee

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Adopted Summer 2015

Chair of Governors	Mr D Knight
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To be reviewed Summer 2016