

Counter fraud toolkit



City of Cardiff Council
Internal Audit Section, Investigation Team

*The Council has a **zero tolerance** attitude to
Fraud, Bribery and Corruption*

The Council has a zero tolerance approach to fraud, bribery and corruption and in managing its responsibilities is determined to protect itself both from within the authority and from those who have dealings with the Council.

Members and staff play a critical role in this approach as they are expected to be alert to the possibility of such activity in all their dealings, and are positively encouraged to raise any concerns associated with Council's activities, either currently or in the past. They can do this in the knowledge that such concerns will be properly investigated.

Concerns may be raised without fear of victimisation, subsequent discrimination or disadvantage.

Refer to:

Employees' code of conduct
Whistleblowing Policy
Fraud, Bribery & Corruption Policy
Fraud Response Plan
Financial Procedure Rules
Disciplinary Policy
The 7 principles of public life

The public is entitled to expect the highest standards of conduct from all employees

All local authority employees must comply with the Employees' Code of Conduct and the 7 principles of public life:

- **Selflessness** - act solely in terms of the public interest;
- **Integrity** - avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships;
- **Objectivity** - must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias;
- **Accountability** - accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this;
- **Openness** - should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing;
- **Honesty** - should be truthful;
- **Leadership** - should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Where there is suspicion of any fraud, corruption or financial impropriety, concerns will be investigated in accordance with the Fraud, Bribery & Corruption Policy

Prevention

There are a wide range of procedures in place to minimise the risk of fraud that constitute a major part of the Council's system of internal control, designed to ensure the Council conducts its business properly and effectively and completes its transactions fully, accurately and correctly.

The Council aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility lies with senior management who are expected to design and operate systems and procedures that will minimise losses due to fraud, bribery, corruption and other dishonest action.

The Council's Internal Audit Team supports senior management through an independent appraisal of the integrity of all internal control systems and assists with or leads investigations as appropriate.

Key documents in the prevention of fraud and corruption are the Council's Financial Procedure Rules and Contract Standing Order & Procedure Rules, which must be adhered to at all times.

*It is the responsibility of all managers,
Members and employees to prevent and
help detect fraud, bribery and corruption*

**Acting upon suspicions of fraud, bribery, corruption,
financial impropriety**

Do 

- Be responsive to staff concerns
- Make an immediate note of your concerns
 - What was said, by whom, when etc
- Refer your suspicions to Internal Audit promptly
- Maintain confidentiality

Do not 

- Do nothing
- Be afraid of raising concerns
- Approach, challenge or accuse anyone directly
- Try to investigate the matter yourself
 - There are special rules surrounding gathering evidence for use in criminal cases, inappropriately gathering evidence may hamper an investigation. Internal Audit staff are appropriately trained
- Convey your suspicions to anyone other than those with the proper authority to deal with the issue

Report all reasonable suspicions promptly, if in doubt, seek advice

The following are examples of issues that whilst unlikely to occur, may be encountered and would likely be appropriate to report to the Internal Audit, Investigation Team:

Bribery / Corruption

Offers / promises / gives or receives a financial or other advantage with the intention to affect the proper performance of a function or activity

Expenses / overtime / allowances

Overstating or fictitious claims

Exploiting assets

Using council assets for personal / business use – disclosing inappropriately or selling Council information / data

Payments

Falsely creating, diverting or increasing payments

Personnel related fraud

Working elsewhere whilst sick, serious abuse of flexi scheme, deceit or misrepresentation, for example false references / qualifications

Receipt fraud

Theft of incoming cash or cheques and possible manipulation of financial records

Theft

Assets, Goods, Stock and could include cash taken or “borrowed”

Warning signs

The following list has been taken from real incidents of fraud and **may** have helped managers act sooner if other factors were also taken into account:

- **Bullying** - staff afraid to voice their concerns when issues are identified
- **Cars** - owning / regularly changing expensive cars
- **Cash** - not immediately entered into a till / safe or promptly reconciled / banked
- **Contractors** - regularly receiving gifts, attending sporting events, meals and socialising outside of work
- **Leave** – not taking time off, reducing the likelihood of a colleague covering work load
- **Lifestyle 1** - sudden, significant and unexpected change, wearing designer clothes / expensive jewellery to work
- **Lifestyle 2** - regular long haul, exotic holidays
- **Passwords** - relaxed attitude to password control – sharing passwords
- **Rules** - regularly failing to adhere to rules, maybe citing rules are too rigid, inflexible and inefficient
- **Suppliers** - insisting to work with a specific employee

Internal Audit, Investigation Team
April 2017