



Fraud, Bribery & Corruption Policy

A guide to the City of Cardiff Council's approach to preventing fraud, bribery and corruption, and managing suspected cases

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FRAUD, BRIBERY AND CORRUPTION POLICY

PURPOSE OF THE POLICY

1. The Council is one of the largest employers in Wales, delivering services to approximately 340,000 people, with assets, interests and annual transactions running into billions of pounds. This policy details how the Council will deal with its responsibilities in relation to fraud, bribery and corruption, whether it is attempted on the Council or from within it.
2. The Council's reputation is underpinned by ethical behaviour, financial probity and honesty. Fraud, bribery, corruption or other dishonesty adversely affects the Council's reputation and puts its ability to achieve its policies and objectives at risk by diverting the Council's limited resources from the provision of services to the people of Cardiff.
3. The Council has a zero tolerance approach to fraud, bribery and corruption and in managing its responsibilities is determined to protect itself against fraud and corruption both from within the authority and from those who have dealings with the Council. The Council is committed to an effective Policy designed to:
 - encourage prevention
 - promote detection
 - identify a clear pathway for investigation
 - act as a deterrent against future fraud or corruption
4. Members and staff are an important element in the Council's stance on fraud, bribery and corruption and 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 the Council's activities, either currently, or in the past. They can do this in the knowledge that such concerns will be properly investigated.
5. The Council requires Members and employees at all levels to lead by example in adhering to legal requirements, financial and contract rules, codes of conduct and prescribed procedures and practices.

FRAUD PREVENTION

Policies, Action and Awareness

6. The Council uses a number of methods to deter potential fraudsters from committing or attempting fraudulent or corrupt acts (including bribery) whether they are inside and/or outside of the Council, including:-
 - Having a zero tolerance approach to fraud;
 - Publicising the Council's determination to prevent and detect fraud, bribery and corruption e.g. clauses in contracts, publications etc;
 - Acting robustly and decisively when fraud, bribery and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution etc;

- Taking action to recover any losses through fraud, bribery and corruption e.g. through agreement, Court action, penalties, insurance etc;
- Having sound internal control systems, which allow for innovation, whilst limiting opportunities for fraud, bribery and corruption;
- Optimising the publicity opportunities associated with anti-fraud and corruption activity within the Council and, where appropriate, publishing the results of any action taken, including prosecutions in the media.

Recruitment and Training

7. The Council recognises that 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 candidates in terms of their propriety and integrity. Staff recruitment is, therefore, required to be in accordance with procedures laid down by the Council. In particular, written references regarding known honesty and integrity of potential staff must be obtained before employment offers are confirmed. Where appropriate, Disclosure and Barring Service (DBS) checks will also be undertaken before appointments are confirmed.
8. It is essential that the Council delivers appropriate training to employees that relates to identifying possible fraud, bribery or corruption and that this is tailored for employees who are involved in internal control systems and financial and finance related systems. The development of appropriate knowledge and skills in respect of fraud awareness, prevention, detection and investigation applies more widely across the Council than those directly engaged in investigative work.
9. Senior Managers have a responsibility to understand and implement this policy in seeking ways of preventing fraud by working with employees specifically involved in the review of internal control systems and investigative work.

Procedures for Preventing and Detecting Fraud

10. 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.
11. 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.

12. 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. Employees are expected to abide by their professional

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[Codes of Conduct](#) and the [Local Government Wales Code of Conduct](#). Members are required to adhere to the Council's [Members' Code of Conduct](#).

13. Employees are reminded that they must operate within Section 117 of the Local Government Act 1972, regarding the requirement to disclose any pecuniary interests in contracts relating to the Council and not to accept any fee or reward other than their proper remuneration. Employees are also required to comply with other Council policies such as those relating to gifts and hospitality etc.
14. Any failure to comply with this policy may result in disciplinary proceedings in accordance with the Council's [Disciplinary Policy](#).
15. The County Clerk is the appointed Monitoring Officer in line with the Local Government Act 2000. This role includes overall responsibility for the Council's [Whistleblowing Policy](#).

DETECTION

16. It is important that there are ways of detecting fraud when it happens. Most systems will have controls to measure the throughput of transactions and provide management reports for monitoring as a means of identifying suspected fraud.
17. The work of both Internal and External Audit is primarily to ensure controls are embedded into systems as a prevention measure, but as part of their work around compliance etc they will be proactively looking at areas where there is increased risk of fraud or financial impropriety and reporting any suspicions that arise. Management should also have inbuilt mechanisms to support early detection of anything untoward.
18. It is the responsibility of all managers, Members and employees to prevent and help detect fraud, bribery and corruption and refer suspicions to Internal Audit.
19. The Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is carried out in full compliance with the Data Protection Act and with the Audit Commission's Code of Practice for the National Fraud Initiative, Data Matching exercises, and includes providing information to other agencies for data matching purposes. Any employee found to be perpetrating fraud, bribery or corruption against a local or national agency could be the subject of disciplinary proceedings which could result in dismissal. Internal Audit undertakes the NFI Data Matching exercise at least every 2 years.
20. With the increase in recent years of fraud perpetrated against a variety of public bodies, which usually involves fraudsters having multiple identities and addresses, the necessity for liaison with other organisations has become paramount. Some of these include Police forces, the Audit Commission, Universities and Colleges, Student Loans Company, HM Immigration Service, Department for Work and Pensions and the National Anti Fraud Network.
21. Fraud, bribery or corruption is often detected because employees and the public are alert to this activity. Any person who suspects fraud or financial impropriety has a

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All referrals will be considered, but officers must not abuse the process by raising unfounded or malicious allegations.

22. Depending on the nature and anticipated extent of the allegations, Internal Audit will work closely with Directorates, other agencies and, as appropriate, the Police, to ensure that all allegations are properly investigated and reported upon.

REPORTING

Employees

23. Under the [Financial Procedure Rules – Section 4](#), Senior Managers are required to notify the Audit Manager immediately when any matter arises which involves, or is thought to involve, a breach of security, theft, or irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of its functions.
24. Suspected fraud can be notified in a number of ways, but in all cases it is important that employees and/or the public feel confident to report their concerns and are clear of the means by which they are able to do so.
25. If an employee discovers suspected fraud then they should first report the matter as soon as is practicable, to their line manager. Line managers should attempt to establish as many details as possible (by discussion with the notifying officer only).
26. If the concern relates to the employee's line manager, the notifying officer may consider reporting their concerns direct to the Audit Manager or the Section 151 Officer.
27. Following any notification of fraud, financial impropriety or irregularity, Management should in the first instance take the following actions:
- a. Send an email to the Group Auditor Investigations, d.hexter@cardiff.gov.uk summarising allegation(s), including as much detail as possible;
 - b. Determine and agree with the Group Auditor Investigations who will lead the investigation i.e. Directorate or Internal Audit;
 - c. Determine and agree with the Group Auditor Investigations who will initiate actions where the allegation is against an employee.
28. The overall responsibility for investigating suspected fraud, bribery, corruption or financial impropriety rests with management of the employing Directorate; however, the Section 151 Officer has overall responsibility for financial stewardship throughout the Council and as such seeks assurance, through the Audit Manager, that a proper investigation is undertaken.
29. For the majority of allegations a Director/Assistant Director will appoint an Investigating Officer from within their own Directorate and it is important that this person is of sufficient grade, seniority and status with the appropriate skills,

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should be independent of the area where the suspicion has arisen to reduce the risk of any conflict of interest.

30. For all Investigations where the Investigating Officer is appointed from within the employing Directorate, support will be provided by an Investigator from the Internal Audit Team, who will provide professional advice and guidance and ensure proper process is followed in accordance with this policy.
31. There may be certain circumstances i.e. serious and/or complex cases or where monitoring of an employee's movements are involved, where discussion with the Group Auditor Investigations determines that it will be more appropriate for Internal Audit to lead the investigation.
32. Where the circumstances suggest a criminal offence has been, or is about to be committed, then consideration should be given to referring the matter immediately to the Police. Internal Audit can advise on this and need to be informed, at the earliest opportunity. In such circumstances reference should be made to the guidance "Police involvement in allegations against Council employees" contained within the Council's [Disciplinary Policy, Procedures & Guidance Notes](#).
33. Every effort should be made to protect the interest of any person who honestly reports a suspicion of fraud or corruption to try to ensure they do not receive any adverse treatment as a consequence of making such a report.

Members of the Public

34. The Council's website www.cardiff.gov.uk hosts an [online referral form](#) which may be completed by members of the public to report their suspicions.
35. Alternatively the Internal Audit Investigation Team can be contacted as follows:

Email: fraud@cardiff.gov.uk
Telephone: 029 2087 2284
Post: Audit Manager, Internal Audit Section, Financial Services, County Hall, Atlantic Wharf, Cardiff CF10 4UW. All mail to Internal Audit is delivered unopened.
36. Any member of the public wishing to report suspicions of a breach of security, theft, or irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Council, should in the first instance refer to information, guidance and FAQ's available on the Council's Fraud web page at www.cardiff.gov.uk. ([Your Council/Council Finance/Managing the Council's Finances/Fraud](#)).

INVESTIGATION

37. The Internal Audit Investigation Team is professionally trained and follows methodology in accordance with professional standards. The team is available to offer advice and support to Investigating Officers. The team has a responsibility to provide assurance to the Section 151 Officer that all suspicions of fraud, bribery and corruption and financial impropriety are dealt with in an effective, efficient and consistent manner and it is important it works closely with the Directorate where fraud, bribery, corruption or financial impropriety is suspected.

38. In all investigations undertaken by the Council or the Police into fraud, bribery or corruption, the Council requires full co-operation to demonstrate and preserve transparency, integrity and accountability for the public funds it administers.
39. Whether the investigation is led by a Manager from within the employing Directorate or from within Internal Audit, it is important that both are kept fully informed and that there is an ongoing dialogue as the investigation proceeds.
40. Following an assessment of the case, where it is decided further investigation is not appropriate, then this will be agreed between the Investigating Officer and the Internal Audit Investigator. The officer who raised the initial concern will be notified with the reason why the matter is not being pursued.
41. All investigations into the conduct of officers will be undertaken in accordance with the Disciplinary Policy and Procedure.
42. If at any time there is a suspicion or an allegation that a serious crime may have been committed (or is about to be committed) the Directorate, in conjunction with the Audit Investigation Team, should immediately report the matter to the Police (see paragraph 32).
43. Throughout all investigations the Investigating Officer will retain material obtained as part of the investigation. This includes not only material coming into the possession of the investigator (such as documents seized) but also material generated by them (such as interview records).
44. The Investigating Officer will ensure that interviews are conducted and statements taken in accordance with relevant Council policy and procedures.
45. The Council's [Disciplinary Policy, Procedures & Guidance Notes](#) will be used where the outcome of the investigation indicates any evidence of employee misconduct.
46. Where a case to answer is established against an employee, this will be managed in accordance with the Disciplinary Policy. Internal Audit will report anonymised Disciplinary Hearing outcomes and sanctions relating to fraud, bribery, corruption or financial impropriety to the Audit Committee.

POST INVESTIGATION

47. The Investigating Officer is responsible for identifying and reporting on failures to comply with procedures and/or control failings, however, it is important that Internal Audit works closely with Directorate colleagues to ensure that all control issues relating to any suspected financial impropriety are identified along with appropriate actions to target weaknesses.
48. Where applicable the Investigating Officer should incorporate weaknesses or

~~failings in a report/action plan (along with appropriate recommendations to address~~
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the control issues) which will be forwarded to the Director for him/her to consider and act upon.

49. Internal Audit will follow up the issue of a report/action plan after 3 months to confirm all recommendations have been implemented or ensure progress is being made towards doing so.
50. Where Directorates do not respond to the report/action plan, or there are delays in taking action, this will be referred to the Audit Manager and consideration will be given to advising the Section 151 Officer and Audit Committee.

COUNCIL MEMBERS

51. The County Clerk and Monitoring Officer, in liaison with the Audit Manager, will arrange for an appropriate investigation of referrals, in accordance with the [Member's Code of Conduct](#).

CONTACTS

52. Initial contact on any matters relating to investigations should be with David Hexter, Group Auditor Investigations, Tel: (029) 2087 2284, alternatively, contact the Audit Manager, Tel: (029) 2087 2248.
53. Further guidance relating to making a fraud referral can be found on the Council's internet site at www.cardiff.gov.uk ([Your Council/Council Finance/Managing the Council's Finances/Fraud](#)).