

# Counter-Fraud, Bribery & Corruption Policy

6.1 Appendix B



**STRONGER  
FAIRER  
GREENER**



## Document Control

<b>Organisation</b>	Cardiff Council
<b>Title</b>	Counter-Fraud, Bribery & Corruption Policy
<b>Author</b>	Audit Manager
<b>Owner</b>	Corporate Director Resources, Section 151 Officer
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## Revision History

<b>Revision Date</b>	<b>Revision</b>	<b>Previous Version</b>	<b>Description of Revision</b>
2018	1.0		Initial document
July 2023	1.1	1.0	Incorporated content from the latest Fighting Fraud and Corruption Locally Strategy

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## 1. Objectives

- 1.1 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.
- 1.2 This policy supports the core objective of the Counter-Fraud, Bribery and Corruption Strategy (**ADD LINK**), to develop and maintain a culture in which fraud, bribery and corruption are understood across the organisation as unacceptable, for which firm action is and will be taken to prevent and detect fraud loss, bring fraudsters to account quickly and efficiently, and to recover any losses.
- 1.3 The Council is one of the largest employers in Wales, delivering services to approximately 364,000 people, with assets, interests and annual transactions running into billions of pounds.
- 1.4 In carrying out its functions and responsibilities, the Council seeks to promote a culture of openness and fairness and expects all those who work for and within the Council to adopt the highest standards of propriety and accountability.
- 1.5 Members and employees of the Council must comply with statutory codes of conduct – The Members' Code of Conduct and the Employees Code of Conduct, both documents forming part of the [Constitution](#) of the Council.
- 1.6 The Council fully recognises its responsibility for good financial management so that public money is safeguarded at all times and used appropriately, efficiently, and effectively. The prevention, and if necessary, the investigation, of fraud, bribery and corruption is therefore seen as an important aspect of its duties, which it is committed to undertake. The procedures and the culture of the Council are recognised as important in ensuring high standards in public life.
- 1.7 As part of the Council's commitment to its counter-fraud, bribery, and corruption responsibilities, arrangements have been developed to safeguard against the Corporate Criminal Offences of failure to prevent the criminal facilitation of tax evasion (under Part 3 of the Criminal Finances Act 2017), to prevent the use of our services for money laundering and to prevent terrorist financing.
- 1.8 This policy has been written to include, so far as is reasonable, preventative procedures in relation to the Corporate Criminal Offences (failure to prevent the criminal facilitation of tax evasion), pursuant to section 45(2) of the Criminal Finances Act 2017.
- 1.9 The Council acknowledges that the vast majority of employees and those that work with it act with honesty and integrity at all times to safeguard the public resources they are responsible for. However, there are people who will not act in this way.

## 2. Legislation, Definitions, Application & Scope

Key legislation includes the following:

- 2.1 The Fraud Act 2006 - an Act to make provision for, and in connection with, criminal liability for fraud and obtaining services dishonestly, the most applicable offences to the Council and this policy are:
  - Fraud by false representation
  - Fraud by failing to disclose information
  - Fraud by abuse of position
- 2.2 The Bribery Act 2010 - an Act to make provision about offences relating to bribery; and for connected purposes, the most applicable offences to the Council and this policy are:
  - Bribing another person
  - Being bribed
- 2.3 Criminal Finances Act 2017, Part 3 – this Act creates the ‘Corporate Criminal Offences’ which make a corporate body criminally liable if it fails to prevent an ‘associated person’ (which includes employees, agents and anyone providing services for or on its behalf) from criminally facilitating the evasion of a tax (whether it is owed in the UK or in a foreign country).

### **Definitions – for the purposes of this policy**

- 2.4 **Fraud** is an unlawful act undertaken in order to make a gain for oneself or another, cause a loss or expose another to a risk of loss; often through false representation, failure to disclose information, or abuse of a position.
- 2.5 **Bribery** is generally defined as: an inducement or reward offered, promised, or provided to someone to perform their functions or activities improperly in order to gain a personal, commercial, regulatory and/or contractual advantage.
- 2.6 **Corruption** is generally considered as an “umbrella” term covering such various activities as bribery, corrupt preferential treatment, kickbacks, cronyism, theft, or embezzlement.
- 2.7 **Members** include, Elected, Independent and Co-opted Members.

### **Who this policy applies to**

- 2.8 This policy applies to everyone associated with the Council (employees, agency workers, temporary staff, Members, service users, contractors, partners, and voluntary bodies). The expectation is that all will remain alert to the risk of fraud, bribery and corruption and raise any concerns. They can do this in the knowledge that such concerns will be properly investigated, without fear of victimisation, subsequent discrimination, or disadvantage.

2.9 Members of the public may also have concerns, but not know how and when to raise them. The reporting section below, explains the process to follow.

### **Aims and scope of this policy**

2.10 This policy makes clear that the Council will not tolerate fraud, bribery or corruption and will take all necessary steps to investigate concerns, recover losses and sanction offenders.

2.11 The Council is committed to an effective Policy designed to:

- Raise awareness
- Encourage prevention
- Promote detection
- Facilitate reporting
- Identify a clear pathway for investigation
- Act as a deterrent against future fraud, bribery, or corruption

2.12 It is advised that those tasked with administering the Policy have also received adequate Equality/Unconscious Bias training to ensure fairness throughout the process.

## **3. Recruitment, Training and Awareness**

3.1 It is important that appointments are made fully in compliance with recruitment policies and procedures, to include reasonable measures to verify professional qualifications, honesty, propriety, and integrity. For instance, right to work checks and written references must be obtained before employment offers are confirmed, and where appropriate, Disclosure and Barring Service checks will also be required.

3.2 Training is provided, as appropriate, to employees, in order to improve awareness of, and skills to combat, fraud, bribery and corruption. Additional documentation and guidance is available on the Internal Audit, Corporate Fraud Investigation Team's public SharePoint [site](#).

3.3 Mandatory Fraud Awareness training is available via the Council's Academy website and an Anti-Money Laundering online training Module is also available. At a minimum, all staff who receive cash, monitor cash receipts or who manage staff in these areas, and all solicitors must complete eLearning on anti-money laundering. This includes Operational Managers in these areas, who are responsible for verifying customer due diligence evidence and making disclosures to the Money Laundering Reporting Officer.

## 4. Prevention

- 4.1 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, bribery, and corruption.
  - Publicising the Council's determination to prevent and detect fraud, bribery, and corruption e.g. clauses in contracts, publications etc.
  - Risk awareness driven through Internal communication campaigns, raising awareness, training and the provision of guidance and support.
  - 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 losses 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.
- 4.2 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.
- 4.3 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. The Council's Internal Audit Team supports senior management through an independent appraisal of the integrity of all internal control systems. Key documents in the prevention of fraud, bribery and corruption are the Council's [Financial Procedure Rules](#) and [Contract Standing Order & Procurement Rules](#), which must be adhered to at all times.
- 4.4 Employees are expected to abide by their professional codes of conduct and the [Employee Code of Conduct](#).
- 4.5 Members are bound by the ethical code and should consider the Cardiff Undertaking for Councillors in conjunction with the [Members' Code of Conduct](#).
- 4.6 As part of the pre-qualification questionnaire process for tendering / self-declaration and in compliance with relevant regulations, the Council sets out grounds on which a bidding organisation must be deemed ineligible to tender for, or be awarded, a public contract. These grounds include conviction for fraud, bribery, and corruption.

- 4.7 There is a requirement on Council officers and elected Members to disclose any pecuniary interests in contracts relating to the Council and not to offer, or accept, any fee or reward in connection with their Council duties, other than their proper remuneration. Other Council policies and guidance must also be complied with, such as: Guidance - Hospitality, Gifts and other Benefits - Officers, Guidance - Hospitality, Gifts and other Benefits - Members and Officers Personal Interests and Secondary Employment Policy. Senior Managers have a responsibility to consider, on an ongoing basis, the adequacy of controls to prevent and promptly detect fraud, bribery and corruption within their Directorate and enter and manage risks, as appropriate through their risk register.

## 5. Detection

- 5.1 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.
- 5.2 The work of both Internal and External Audit is primarily to ensure controls are embedded into systems as a prevention measure. Management should also have inbuilt mechanisms to support early detection of anything untoward.
- 5.3 It is the responsibility of all managers, Members, and employees to prevent and help detect fraud, bribery, and corruption.
- 5.4 The Council participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council will also exchange information and intelligence with other public bodies or agencies, when appropriate and lawful, to help combat fraud, bribery, and corruption.
- 5.5 The Council has a [Whistleblowing Policy](#) which supports staff to report any serious concerns about malpractice within the Council and sets out a procedure for this. However, concerns relating to fraud, bribery, and corruption will be investigated in accordance with this Counter-Fraud, Bribery and Corruption Policy. The Internal Audit, Corporate Fraud Investigation Team will liaise with the Director of Governance and Legal Services and Monitoring Officer in any cases where it appears that the Whistleblowing Policy applies.
- 5.6 Suspicions of fraud, bribery and corruption are often raised by employees and/or members of the public and a reporting culture is encouraged. **Any person who suspects fraud or financial impropriety has a responsibility to report this, and if in doubt, should contact Internal Audit for advice.**



## 6. Reporting

- 6.1 Suspected fraud, bribery and corruption 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.
- 6.2 It is a legal right to receive services from the Council in English or Welsh according to choice. Correspondence will be received, and investigations will be conducted in accordance with the Welsh Language Standards.
- 6.3 Arrangements are in place to communicate with individuals and progress fraud issues and concerns in other languages as required.
- 6.4 If you believe you have identified potential fraud:
- Report the matter to your line manager as soon as possible. Line managers should attempt to establish as many details as possible (through discussion with the notifying officer only).
- OR
- If the concern relates to your line manager, report the matter direct to the Audit Manager (Chris Pyke) or the Section 151 Officer (Christopher Lee).
  - Following any notification of fraud, financial impropriety or irregularity, Management should in the first instance, send an email to the Corporate-Fraud Investigation Team, email: [fraud@cardiff.gov.uk](mailto:fraud@cardiff.gov.uk) summarising the allegation(s), including as much detail as possible.
- 6.5 The [Financial Procedure Rules \(Section 4\)](#) place a responsibility on Directors to immediately notify the Audit Manager whenever 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 (including data), or any suspected irregularity in the exercise of the functions of the Council.
- 6.6 Members 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 if possible refer to information available on the Council's Fraud web page: ([Your Council/Council Finance/Managing the Council's Finances/Fraud](#)), or alternatively contact the Corporate Fraud Investigation Team by:
- Email:** [fraud@cardiff.gov.uk](mailto:fraud@cardiff.gov.uk)
- Post:** Audit Manager, Internal Audit Section, County Hall, Cardiff. CF10 4UW.
- 6.7 For further information in respect of identifying fraud, bribery, and corruption, refer to the Counter-Fraud, Bribery and Corruption Strategy ([LINK](#)).

## 7. Investigation

- 7.1 The [Fraud Response Plan](#) sets out how suspicions of fraud will be considered and investigated.
- 7.2 The overall responsibility for investigating cases of suspected fraud, bribery, corruption, or financial impropriety committed by employees, rests with management of the employing Directorate; however, the Section 151 Officer has responsibility for financial stewardship throughout the Council and as such will seek assurance, through the Audit Manager, that a proper investigation is undertaken.

### **Collaboration with other Agencies and Bodies**

- 7.3 Given the potential risk to the Council, the nature and scope of fraud, bribery and corruption and the ease with which fraudsters can utilise technology to commit fraud across boundaries, the Council will share information and intelligence with others, including (but not limited to):
- Action Fraud
  - Cabinet Office / Audit Wales
  - CIFAS
  - HMRC
  - Home Office
  - Local Police / National Fraud Intelligence Bureau
  - National Anti-Fraud Network
  - Other Local Authorities
  - UK Border Agency
  - Department for Work and Pensions

## 8. Accountability

- 8.1 The Corporate Director Resources is responsible for the proper administration of the Council's financial affairs and overseeing the Council's corporate approach to counter-fraud governance, risk management, and assurance.
- 8.2 Through its terms of reference, the Governance and Audit Committee has a responsibility to review the assessment of fraud risks and potential harm to the Council from fraud and corruption, and to monitor the counter-fraud strategy, actions, and resources.
- 8.3 To maintain and enhance the Council's counter-fraud arrangements, a counter-fraud oversight board will provide strategic direction, oversight and review of the Council's counter-fraud arrangements, approach, and governance.
- 8.4 A record of referrals and their outcomes will be maintained by the Internal Audit Corporate Fraud Investigation Team and reported at least annually to the Governance and Audit Committee and Section 151 Officer.

- 8.5 Action may be taken against employees in the event of them failing to comply with this Policy, or making an untrue allegation frivolously, maliciously or for personal gain, in accordance with the Council's Disciplinary Policy.
- 8.6 This Policy shall be kept under review by the Audit Manager who shall have authority, in consultation with the Corporate Director Resources and Portfolio Cabinet Member, to make any minor amendments to ensure it remains effective and up to date. Material and strategic updates are to be approved by Cabinet after consideration by the Governance and Audit Committee.

## **9. Confidentiality and Data Protection**

- 9.1 The Council will treat all information received confidentially, where appropriate, and disclose it only on a 'need to know' basis or as required by law. Any processing of personal data will comply with data protection laws and principles.