

North Wales Fire and Rescue Authority

Anti-Fraud and Corruption Policy

1 INTRODUCTION

- 1.1 North Wales Fire and Rescue Authority employs over 1,000 full and part-time staff. The Authority controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Authority are subject.
- 1.2 In carrying out its functions and responsibilities the Authority wishes to promote a culture of openness and fairness and expects that Members and employees at all levels and others who serve the Authority e.g. temporary workers, agency staff, contractors, voluntary staff and other individuals which the term “employee” may not explicitly capture such as suppliers etc, will adopt the highest standards of propriety and accountability. Proper accountability, achieved through probity, internal control and honest administration is therefore essential. This commitment will result in the desired outcome of creating a zero tolerance culture, promoting high ethical standards, encouraging prevention, promoting detection, and formalising the procedures for investigation. This will assist in minimising the opportunity for fraud and corruption to exist within the Authority’s systems. This framework is in line with the strategic aims and objectives of the Authority in relation to preventing crime and ensuring value for money.
- 1.3 An effective policy requires support across the Authority and involves:
- Culture
 - Prevention (of error, irregularities, fraud and corruption)
 - Detection and Investigation
 - Deterrence
 - Awareness and Training
- 1.4 The Authority's Anti-Fraud and Corruption policy is based on a series of comprehensive and inter-related procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts affecting the Authority.
- 1.5 The Authority must maintain constant vigilance in order to safeguard the resources to which it is entrusted and protect its reputation. This involves raising awareness to deter and identify fraud and, at the same time, ensure there are mechanisms for employees to raise legitimate concerns when they feel justified.
- 1.6 The Authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:
- Public Services Ombudsman for Wales
 - Wales Audit Office
 - The Audit Commission
 - Central Government Departments and Parliamentary Commissions
 - Her Majesty's Revenue and Customs
 - The Department of Works and Pensions
 - National Assembly and Wales Government

North Wales Fire and Rescue Authority

Anti-Fraud and Corruption Policy

2 WHAT IS FRAUD AND CORRUPTION?

Fraud

2.1 The Fraud Act 2006 provides definitions of the criminal offence of fraud and identifies three key offences :

- ***Fraud by false representation*** - a person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- ***Fraud by failing to disclose information*** - a person is in breach of this section if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- ***Fraud by abuse of position*** - a person is in breach of this section if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person; dishonestly abuses that position with the intention to make a gain for himself or another; or to cause or expose the risk of loss to another.

2.2 It also creates new offences:

- Obtaining services dishonestly
- Possessing, making and supplying articles for use in frauds
- Fraudulent trading applicable to non-corporate traders

2.3 The maximum sentence is 10 years imprisonment.

2.4 The Act largely replaces the laws relating to obtaining property by deception, obtaining a pecuniary advantage and other offences that were created under the Theft Act 1978.

Corruption

2.5 The Bribery Act 2010 provides definitions of the criminal offence of bribery and identifies four key offences:

- **Bribing another person** - A person commits an offence by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary :
 - a) intending that advantage to induce a person to perform improperly a Function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or
 - b) knowing or believing that accepting the advantage would itself be improper performance of a Function.
- **Being bribed** - A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else's benefit :

North Wales Fire and Rescue Authority Anti-Fraud and Corruption Policy

- c) that person intends that, as a consequence, there is improper performance of a Function or
- d) there is improper performance of a Function (whether as a reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a Function.

- **Bribery of a Foreign Public Figure** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced.
- **Failing to prevent Bribery** - A company is “strictly liable” for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.

2.6 The maximum penalty for the offenses is 10 years' imprisonment and/or an unlimited fine. For the "failure to prevent" offense, the fine alone applies.

2.7 The Bribery Act 2010 replaces the fragmented and complex offences at common law and in the Prevention of Corruption Acts 1889-1916.

3 CULTURE

3.1 The Authority is determined that the culture and tone of the organisation represents honesty and opposition to fraud and corruption.

3.2 There is an expectation and requirement that all individuals and organisations associated with the Authority will act with integrity and that Members and Employees at all levels will lead by example. All aspects of this policy must be complied with and the Authority will maintain a zero tolerance culture to fraud and corruption.

3.3 The Authority's Members and employees are an important element in its stance on fraud and corruption and are positively encouraged to raise any concerns they may have. They can do this in the knowledge that such concerns will be treated in strictest confidence and be properly investigated. If necessary, a route other than to the line manager may be used to raise such concerns, examples of which include:

- Directly with Internal Audit
- The Chief Fire Officer
- Head of Department

The Authority also has a *Whistleblowing Policy* to ensure the highest possible standards of openness probity and accountability.

3.4 Members of the public are also encouraged to report any concerns which they may have which may be made by any of the above routes. This may also be via the Investigation Officer, to whom all complaints by members of the public are referred.

3.5 Senior management are responsible for following up any allegations of fraud or corruption received by contacting the Audit Manager. The investigating officer, usually a member of the Internal Audit Department, will:

North Wales Fire and Rescue Authority Anti-Fraud and Corruption Policy

- Deal promptly with the matter
- Record all evidence received
- Ensure that all evidence is sound and adequately supported
- Ensure the security of all evidence collected
- Contact other agencies, such as the Police (where appropriate)
- Notify the Authority's Insurers (where appropriate)
- Assist management to implement Authority disciplinary procedures (where appropriate)

3.6 Senior management must deal swiftly and firmly with those who defraud the Authority or who are corrupt. The Authority should be considered robust in dealing with financial malpractice.

3.7 There is a need to ensure that any investigation process is not misused. Any abuse, such as raising unfounded or malicious allegations, will be dealt with as a disciplinary matter.

4 PREVENTION

4.1 The Corporate Framework requires a whole range of high level component parts, if it is to contribute to the Authority having an effective counter-fraud policy, and some of the key ones include:

- An Anti-Fraud and Corruption Policy Statement which emphasises the importance of probity to all concerned
- Member support
- Codes of Conduct for Members and Employees
- Protocol for Members and Employees on Gifts and Hospitality
- Formal Declarations of Interest for all staff
- Whistleblowing Policy, confidential reporting and Complaints Procedures
- Contracts Standing Orders and Financial Regulations
- IT Security Policy
- Sound internal control systems, procedures and reliable records
- Effective Internal Audit
- Scheme of delegation
- Clear responsibilities, accountabilities and standards
- Effective recruitment procedures
- Induction and training
- The Authority's Disciplinary Procedure

4.2 In particular, employees are required to operate within the following guidelines:

- The Authority recognises that a key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. In this regard temporary and contract employees should be treated in the same manner as permanent employees.
- Employees recruitment is in accordance with procedures laid down by the Human Resources Manager. Written references regarding honesty and integrity of potential employees must be obtained before employment offers are made. Professional qualifications including driving licenses should be checked, where

North Wales Fire and Rescue Authority Anti-Fraud and Corruption Policy

necessary with the examining body, to ensure they are correct as part of the appointment procedure.

- Employees are expected to follow standards of conduct related to their personal Professional Institute, where applicable, and also to abide by any specific Authority requirements on personal conduct.
- The Authority has in place, a Disciplinary Procedure for dealing with allegations of fraud and corruption. All employees are notified of this through the Employees Handbook.
- Members and Employees are reminded under the Authority's *Contract Standing Orders* and *Financial Regulations* that they must operate within *Section 117 of the Local Government Act 1972*. This requires declaration of any interests in contracts (such as membership of contracting bodies) that have been, or are proposed to be, entered into by the Authority. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.

4.3 Members are required to operate within:

- *Contract Standing Orders and Financial Regulations*
- *The Code of Conduct for the time being in force and*
- *All relevant and applicable legislation*

These matters are brought to the attention of the Member when elected in the form of an information pack, which is signed for by the Member. The Member must then register any potential areas of conflict between Members' Authority duties and responsibilities and any other areas of their personal or professional lives.

4.4 Systems operating:

- The Authority has *Contract Standing Orders* and *Financial Regulations* which place an obligation on employees, when dealing with the Authority's affairs, to act in accordance with best practice.
- The Treasurer has a statutory responsibility under *Section 151 of the Local Government Act 1972*, *Sections 114 and 116 of the Local Government Finance Act*, and *Accounts and Audit Regulations*, currently in force, to ensure the proper administration of the Authority's affairs and has procedures in place to ensure that staff and Members are aware of and act in accordance with Financial Regulations and Contract Standing Orders. The Treasurer also maintains a Head of Profession role within the Authority and through this, exercises amongst other things, a quality control through financial administration.
- The Authority has in place systems and procedures which incorporate efficiency and effective internal controls, including adequate separation of duties. Heads of Departments are also required to ensure that such controls, including those in a computerised environment, are properly maintained and documented.
- Their existence and appropriateness is independently monitored by the Internal Audit Department.

North Wales Fire and Rescue Authority

Anti-Fraud and Corruption Policy

5 DETECTION AND INVESTIGATION

- 5.1 The array of preventative systems, particularly internal control systems within the Authority, help to provide indicators of and help to deter, any fraudulent activity.
- 5.2 It is often the alertness of staff, Members and the public to the possibility of fraud and corruption that enables detection to occur and appropriate action to be taken. The Authority's *Whistleblowing policy* is intended to encourage enable staff to raise their concerns.
- 5.3 Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or "tip-off", and the Authority has in place arrangements to enable such information to be properly dealt with.
- 5.4 Employees of the Authority are required by its *Contract Standing Orders* and *Financial Regulations* to report all suspected irregularities to Internal Audit either directly or through line management. Reporting is essential to the Anti-Fraud and Corruption policy, as this:
- a) Ensures the consistent treatment of information regarding fraud and corruption.
 - b) Facilitates proper investigation by an experienced Audit team.
 - c) Ensures proper implementation of a fraud response investigation plan.
- 5.5 The Authority takes part in the National Fraud Initiative which is coordinated by Internal Audit.
- 5.6 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with senior managers of the service concerned and other agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported on.
- 5.7 The Authority's *Disciplinary policy and procedures* will be used where the outcome of the audit investigation indicates improper behaviour and the Human Resources Manager considers appropriate.
- 5.8 The Authority will normally wish the Police to be made aware of and to independently prosecute offenders where financial impropriety or other crime is discovered.

6 DETERRENCE

- 6.1 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Authority, and these include:
- Publicising the fact that the Authority is firmly set against fraud and corruption and states this at every appropriate opportunity.
 - Acting robustly and decisively when fraud and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, reporting employee to their professional body etc.

North Wales Fire and Rescue Authority Anti-Fraud and Corruption Policy

- Taking action to effect the maximum recoveries for the Authority e.g. through agreement, Court action, penalties, under Proceeds of Crime Act etc.
- Having sound internal control systems, that still allow for innovation, but at the same time minimising the opportunity for fraud and corruption.
- The formal arrangements for whistleblowing.
- Publicising instances of fraud/corruption and the resultant disciplinary/prosecution action for cases both within the Authority and for other public organisations.

7 AWARENESS AND TRAINING

- 7.1 The Authority recognises that the continuing success of its *Anti-Fraud and Corruption policy* and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of elected members and employees throughout the organisation.
- 7.2 To facilitate this, the Authority supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties in this respect are regularly highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Authority.
- 7.3 Specialist training in fraud and corruption issues will also be given to appropriate staff involved in investigation work.
- 7.4 The Authority will publicise the Anti-Fraud and Corruption policy on the Intranet with other up to date advice and guidance on current issues and will provide fraud awareness training to staff as and when required.

8 CONCLUSION

- 8.1 The Authority has in place a clear network of systems and procedures to prevent fraud and corruption. It is determined that these arrangements will keep pace with any future developments in techniques for preventing fraudulent or corrupt activity that may affect its operation.
- 8.2 To this end, the Authority maintains a continuous overview of such arrangements and through the Treasurer; it will ensure a regular review of its *Contract Standing Orders, Financial Regulations, Financial Codes of Practice* and audit arrangements.