

Counter fraud and corruption policy, and response plan

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1 Introduction

- 1.1 The London Fire Commissioner (LFC) is committed to openness and honesty and has an obligation to responsibility and accountability. The LFC recognises that as well as causing financial loss, fraud and corruption activities are also detrimental to the provision of services and damaging to the reputation of and confidence in the LFC. The LFC takes the risk of fraud and bribery extremely seriously and does not tolerate any such wrongdoing. It expects all individuals and organisations associated with the LFC to act with integrity and is determined to prevent, deter and detect all forms of fraud and corruption committed against it both internally and externally.
- 1.2 The LFC will adopt best practice and this counter fraud and corruption policy will have due regard to the implementation of the recommendations made by the Nolan Committee (see Appendix 1) and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Managing the Risk of Fraud and Corruption (The Code).
- 1.3 The Code consists of the following five principles:
 - Acknowledge the responsibility of the governing body for countering fraud and corruption.
 - Identify the fraud and corruption risks.
 - Develop an appropriate counter fraud and corruption strategy.
 - Provide resources to implement the strategy.
 - Take action in response to fraud and corruption.
- 1.4 The objective of this policy is to outline the LFC's commitment and approach to tackling fraud and corruption and applies to all those who work for, or interact with the LFC, including employees, Members, contractors, suppliers, consultants, individuals, partners, any external agencies doing business with the LFC and service users. All suspicions of financial impropriety arising from the activities of any of these groups fall within the scope of this policy. The policy is supported by a response plan designed to implement the policy and support delivery of the corporate objectives.

LFC's approach

- 1.5 The LFC's approach is to develop a counter fraud, bribery and anti-corruption culture and the prevention of fraud and corruption by designing, implementing and regularly reviewing policies and systems. This is further supported by work to detect and investigate fraud and corruption and seeking to apply sanctions and recover loss where it is found.

2 What is fraud and corruption

Fraud

- 2.1 The Fraud Act 2006 creates a general offence of fraud and sets out three ways in which it can be committed:
 - Fraud by dishonest false representation.
 - Fraud by dishonestly failing to disclose information.
 - Fraud by dishonestly abusing a position of trust.
- 2.2 In all three classes of fraud, for an offence to have been committed, a person must have been dishonest and have intended to make a gain or cause a loss to another.
- 2.3 For the purposes of this policy, "fraud" will also include theft, forgery, concealment and conspiracy. Fraudulent acts may include stealing cash or equipment, submitting false expense

claims, unauthorised removal of LFC property, manipulating accounts and records, irregular contract arrangements and other financial irregularities.

2.4 There is also an offence under common law of Conspiracy to Defraud.

Corruption

2.5 For the purposes of this policy, "corruption" is defined as the offering, promising, giving, requesting, receiving or agreeing to accept an inducement or reward, (i.e. a bribe), which may influence a person to act against the interests of the LFC. The definition of what constitutes a bribe is extremely broad and covers any financial or other advantage offered to someone to induce them to act improperly to gain personal, commercial, regulatory or contractual advantage. There are four key offences under the Bribery Act 2010:

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

2.6 The Act also creates a corporate offence under section 7 which can be committed by commercial organisations which fail to prevent persons associated with them (including third party providers) from bribing another person on their behalf. The commercial organisation will have a defence if it can show that it had adequate procedures in place to prevent persons associated with it from committing bribery. To ensure that adequate procedures are in place six principles should be adhered to: proportionate procedures; top level commitment; risk assessment; due diligence; communications; monitoring and review.

Is the LFC a 'commercial organisation'?

2.7 The guidance states that a "commercial organisation" is any "body" formed in the United Kingdom and "...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made."

2.8 Therefore, for the purposes of the Act the LFC is a "commercial organisation".

3 Aims and objectives

3.1 The LFC's aims and objectives are to:

- Risk-assess new and existing fraud threats.
- Create a strong counter-fraud and counter-corruption culture within the LFC.
- Maintain effective systems and procedures for the prevention and detection of fraudulent and corrupt activity.
- Establish an effective response to suspected cases of fraud and corruption, to ensure all suspicions are properly and thoroughly investigated.
- Take appropriate and strong action to deal with proven fraudsters.
- Vigorously pursue all forms of redress to recover financial losses.

3.2 The LFC has put in place a policy framework which supports the implementation of this Strategy and the Counter Fraud and Corruption policy, which includes the following:

- Policy number 569 - Confidential reporting (whistleblowing) policy
- Policy number 702 - Anti-money laundering regulations 2019
- Policy number 465 - Registration of all external gifts, hospitality and other benefits offered to Brigade employees

- Policy number 551 - Outside employment
- Policy number 442 - Information security policy
- Policy number 485 - ICT acceptable use policy
- Policy number 481 - Disciplinary rules
- Staff Code - Section J - Discipline and conduct
- Codes of conduct and ethics
- Financial Regulations

3.3 Plans and operations are aligned to the policy and contribute to the achievement of the LFC's overall goal of maintaining resilience to fraud and corruption. The LFC will make effective use of national and sectoral initiatives to detect or prevent fraud, such as data matching or intelligence sharing. The application of the LFC's policy is based on:

- **Awareness sessions**
 - Regular fraud awareness sessions will be provided to key groups of staff, and will include those responsible for managing central processes that support fraud prevention, such as those in Finance and Procurement Departments, and those that manage groups of staff that are responsible for significant levels of resource. The plan for the awareness sessions will be agreed each year as part of the internal audit plan.
- **Prevention, including deterrence and detection**
 - The processes and systems in place to support fraud prevention will be regularly reviewed to address developing experience and practice and will include any lessons learnt from any fraud investigations conducted by internal audit. Disciplinary cases will be reported internally to act as a deterrent to future potential fraudulent activity.
- **Investigation**
 - Where fraud is reported or discovered this will be investigated as appropriate, using internal audit, the police and other resources as the situation dictates.
- **Sanction**
 - Where fraud is proven robust action will be taken against the perpetrators. This will be through the disciplinary process and using the police in the most serious cases.
- **Recovery of losses**
 - The LFC will seek to recover losses from fraudulent activity if this is possible and appropriate.
- **Participation in the National Fraud Initiative and other public sector counter fraud partnerships.**

3.4 The policy will deliver prevention and awareness training through workshops and online training packages. Regular reviews by internal audit and an embedded anti fraud culture aids detection and investigation, with deterrence based on appropriate sanctions.

Review

- 3.5 The policy will be subject to regular review as to its effectiveness with recommendations for any required changes as necessary.
- 3.6 The key objectives of this Counter Fraud and Corruption Strategy are to maintain minimal losses through fraud and corruption and further embed the management of fraud risk within the culture of the organisation.
- 3.7 The LFC expects all staff including employees, temporary agency staff, consultants, contractors, volunteers and service users to act honestly, with integrity and to provide us with any

information, help and support we need to deal with fraud and corruption. To comply with the spirit, as well as the letter of the laws and regulations of all jurisdictions in which the LFC operates, in respect of the lawful and responsible conduct of activities.

4 Responsibility

- 4.1 The Director of Corporate Services has overall responsibility for the maintenance and operation of the overarching anti-fraud and corruption policy in liaison with the Commissioner, Directors, Assistant Director - Finance, Internal Audit Manager, Assistant Director - People Services and Chief Information Officer to ensure that it continues to remain compliant and meet the requirements of the LFC.
- 4.2 From a statutory perspective the ultimate duty to prevent and detect fraud and corruption lies with the Director of Corporate Services, a duty is set out in Section 127 of the Greater London Authority Act 1999 (as amended).
- 4.3 Director of Corporate Services should be alerted to all cases of suspected fraud in real time, ensure appropriate arrangements are in place to investigate the matter and be periodically kept up to date on progress and any resulting actions (including disciplinary action).
- 4.4 People Services ensures through their processes that a quarterly return (including nil return) on discipline cases that have been considered to be fraud is submitted to the Director of Corporate Services and Assistant Director of Finance.
- 4.5 All managers are responsible for fraud risk management in their particular service area, with corporate support in providing resources appropriate to the risks and by reporting on the management of the risk. Management are expected to embed strong counter fraud controls and systems; support counter fraud and corruption activities and training; and ensure other governance papers, strategies and policies include fraud and corruption risks wherever relevant.
- 4.6 The Internal Auditor reports to the LFC annually on the effectiveness of the control environment. The Audit Committee will also review the counter fraud strategy.

5 Response plan

- 5.1 The detail of this policy has been translated into a set of actions (see action plan at Appendix 2) that are proportionate to the size and activities of the LFC, the risks it faces, and the level of resources deployed. The policy covers a three-year period to its next review therefore the plan of action has been devised to reflect the current position and maturity of the counter fraud function.
- 5.2 The Counter Fraud Work Programme to manage the LFC's fraud and corruption risks is structured around the LFC's approach for meeting the aims and objectives of the strategy i.e. prevention and awareness; detection and investigation; and deterrence.
- 5.3 Any events adversely affecting the level of resources to deliver the programme will be reported to senior management and the LFC at the appropriate time.
- 5.4 The strategy will be regularly reviewed to focus on new or increasing risks identified as part of the LFC's risk management work, and this will influence the work programme over the course of the strategy. Consideration will also be given to aligning the LFC's strategy and work programme with guidance available in the wider public sector.

Review and assessment

- 5.5 In line with the LFC's Fraud Response Plan, the Director of Corporate Services will report to the LFC as necessary, as part of the Annual Governance Statement, to provide an update on the LFC's anti-fraud, bribery and corruption processes and activities.
- 5.6 The LFC will publish annually, as required by the Government's Local Government Transparency Code 2015, information on its counter fraud work.
- 5.7 The LFC fraud risk will also be reviewed and assessed as part of the new corporate risk management approach.

6 What to do if you suspect fraud and/or corruption

- 6.1 If you have reasonable suspicions that fraud and/or corruption has taken place, then you should advise the appropriate person. This may be your line manager, the head of department, director or assistant commissioner. Alternatively, you may contact directly the Internal Audit Team (see below for details) or Brigade discipline manager, or report through the whistleblowing arrangements. No Individual should fear negative consequences from reporting concerns about fraud, but this can be done anonymously if preferred.
- If you feel that your concerns are warranted, deal with the matter promptly. Any delay could have an adverse effect.
 - **Don't** approach or accuse any individuals directly. This may alert them and result in evidence being destroyed.
 - **Don't** tell anybody else other than those with the proper authority.
 - **Don't** try to investigate the matter yourself. Special rules must be followed when gathering evidence for use in criminal cases. Poorly managed investigations by staff unfamiliar with these rules might well mean that any criminal prosecution is unsuccessful.
- 6.2 The LFC's Scheme of Governance Part 6 clause 13 states that, if at any time any case of theft, fraud, corruption or other financial irregularity is discovered or suspected to exist which involves the LFC's interest, the head of department/assistant commissioner concerned or the Brigade investigating officer shall at once (and before proceeding with any further investigation) notify the director of corporate services. The director of corporate services will then ensure that appropriate arrangements are in place to investigate the matter.
- 6.3 Every reported incident of fraud will be taken seriously. In some cases, there may be prima facie grounds for concern, in other cases – where there is a lack of evidence and/or the facts are not easily established at first sight – it will be necessary to undertake preliminary fact-finding. This work will be overseen by the director of corporate services. They will determine what fact-finding work is required and whether a qualified fraud investigator needs to be involved at this stage. In doing so, they will liaise with the head of audit and assurance.
- 6.4 Policy number 569 - Confidential reporting policy (whistleblowing) recognises that a concern can be different from a complaint or a grievance. It is not the employee who has to prove that the LFC is being defrauded – once they have raised that concern it is the LFC which has to address the concern of the employee.
- 6.5 The LFC's sanction policy on fraud, bribery and corruption is set out in the Scheme of Governance Financial Regulations, and the Staff Code (Section J), Policy number 481 - Disciplinary rules.

7 Investigating fraud and corruption

- 7.1 Once a decision has been made to launch an investigation, the Director of Corporate Services in discussion with Internal Audit will appoint an officer to lead and conduct the investigation. The investigating officer, appropriately qualified, will in most cases be drawn from the Internal Audit Team. It may, however, be necessary to draw on external investigative resources; either to lead or support the investigation. Whoever is involved must be appropriately qualified and have the requisite knowledge of criminal law, the LFC's anti-fraud and corruption framework and LFC disciplinary and other relevant policies. Any attempt to gather evidence by people who are unfamiliar with the rules may adversely affect the outcome of the case.

Reporting on progress

- 7.2 The investigating officer will periodically provide an update to director of corporate services on the investigation, which may include some/all the following information:
- Progress with the investigation.
 - Estimate of resources and actions required to conclude the investigation.
 - Quantification of losses.
 - Recovery action.
 - Disciplinary action.
 - Criminal investigation and action.
 - Weaknesses identified and actions recommended to address them.

Disciplinary action

- Where there is an on-going police investigation, it may still be appropriate for the LFC to proceed with disciplinary action. Prior to commencing any action, advice will be sought from the police to ensure any criminal investigation will not be compromised.

Civil recovery

- Recovering losses is a major objective of any fraud investigation. Where the loss is substantial, legal advice will be obtained about the need to and feasibility of freezing through the Courts any assets. Legal advice can also be obtained about the prospects of recovering losses through the civil court, where the subject refuses repayment.

Weaknesses identified and actions recommended or being taken to address them

- Where an investigation identifies vulnerabilities in a particular system or process, or a lack of safeguards, the relevant senior officer LFC will draw up an action plan to address these.

Responsibility

- 7.3 It is the responsibility of all staff to report suspected fraudulent activity, and all the associated facts, promptly and accurately to an appropriate manager. All staff should then be prepared to co-operate in any fraud investigation.

Contacts

- 7.4 The internal audit contacts are:
- Head of Audit and Assurance: 07917 557084
 - Counter Fraud Manager 07714 611450

Public interest disclosure act

- 7.5 In addition to providing assurances through the whistleblowing policy that genuine concerns can be raised without fear of victimisation, harassment, discrimination or disadvantage, the Public Interest Disclosure Act (PIDA) provides protection for employees, making it automatically unfair to dismiss or otherwise penalise employees for making a 'protected disclosure'.

Appendix 1 - Nolan committee - the seven principles of public life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and action that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix 2 - Action plan

The following actions are planned for the three-year period of the current policy to support

- Robust anti-fraud/bribery and corruption culture
- Confidence in reporting wrongdoing
- Reduction of fraud

PREVENT		
Aim	Action	Lead Officer
To understand LFC exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the LFC and its service users.	To complete and enhance the fraud risk register by: Evaluating the likelihood and significance of each inherent fraud risk, as part of the new risk management approach	Assistant director finance

DETECT		
Aim	Action	Lead Officer
To detect any instances of fraud or suspicious activity, identify anomalies and ensure reporting mechanisms are efficient and effective.	Report suspected fraud to MOPAC. Investigate and report outcomes from the National Fraud Initiative. Implement continuous monitoring activity in high risk areas	Assistant director, finance

DETER		
Aim	Action	Lead Officer
To prevent instances of fraud/bribery/corruption from occurring and deter people from committing these actions.	Awareness training Up to date policies Publicising actions Key messages from senior management Strong whistleblowing arrangements	Assistant director, finance

Document history

Assessments

An equality, sustainability or health, safety and welfare impact assessment and/or a risk assessment was last completed on:

EIA	18/08/08	SDIA	H -	HSWIA		RA	
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Audit trail

Listed below is a brief audit trail, detailing amendments made to this policy/procedure.

Page/para nos.	Brief description of change	Date
Page 1	Corrected the work group for this policy.	24/11/2010
Page 2	Section 2 of the Response Plan, under the heading 'What is Fraud and Corruption', changed to ensure that it reflects current legislation.	22/10/2012
Page 4	Revised contact details as Internal audit is now managed by the Mayor's Office for Policing and Crime (MOPAC) as part of a shared service agreement on behalf of the Director of Finance and Contractual Services.	22/10/2012
Page 5	Subjects list and Freedom of Information Act exemptions tables updated.	03/02/2015
Page 1	Owner changed from Director of Finance and Contractual Services to Head of Finance.	14/08/2015
Page 2 Page 3	Corrected reference to legislation. Referenced Internal Audit as the appropriate investigation service and referenced whistleblowing policy.	28/09/2015
Throughout	Review of policy with support from MOPAC, to better align this with GLA group arrangements/best practice.	07/07/2017
Throughout Page 3 Page 6 Page 7	Reviewed as current with changes made to reflect inception of London Fire Commissioner and the new structure to support this including the Audit Committee, and the renaming of Director of Finance and Contractual Services to Director of Corporate Services. Now includes reference to common law fraud offence. Added reference to the new risk management approach, and reinforces that individuals should not fear negative consequences from reporting fraud concerns. Amended phone number for counter fraud manager.	21/07/2021
Page 5	Addition of strengthened responsibilities.	05/04/2023

Subject list

You can find this policy under the following subjects.

Finance	Fraud
Counter fraud	

Freedom of Information Act exemptions

This policy/procedure has been securely marked due to:

Considered by: (responsible work team)	FOIA exemption	Security marking classification