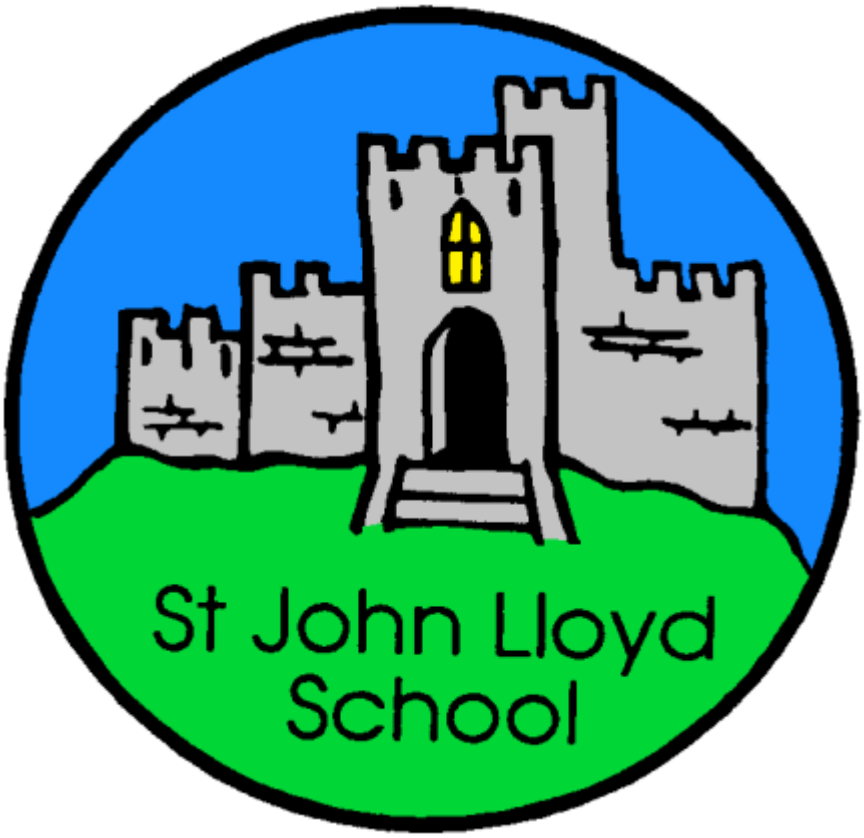
Counter-Fraud Corruption Strategy



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Foreword

Ensuring that we safeguard public funds is a top priority for St John Lloyd RC Primary School, which is why we have adopted this Counter-Fraud and Corruption Strategy. This school policy is set out in conjunction with, and to supplement, Cardiff Council's Counter-Fraud and Corruption Strategy.

With criminals increasingly seeking to exploit any weakness, we need to be vigilant to fraud risks. This strategy will help ensure that we take all appropriate measures to safeguard the school's resources, which is more important than ever at a time of declining budgets.

Fraud affects our reputation and our ability to deliver educational services. All of us, therefore, have a responsibility to do all that we can to prevent fraud and proactively report any suspicions or concerns. This strategy sets out our responsibilities and the expectations of the school, and provides a framework for tackling fraud, bribery and corruption.

The active support of school staff will be essential in continuing to develop a culture in which fraud, bribery and corruption are understood to be unacceptable, and for which firm action will be taken.

Fraud and any acts of bribery and corruption will not be tolerated.

Claire Hart, HEADTEACHER,
Sr Marie de Montfort, CHAIR OF GOVERNORS

1: Objective

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, 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** 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

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

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.

Counter-Fraud and Corruption Action Plan

[This template is included for schools to edit and insert their policies and activities, including timescales or review – reference should be made to the counter-fraud policies and documents listed on the previous page

Ref.	Action Required	Timescale
aud and Corruption Policies Updates *(Primary Policies)*		
1.		*every x year(s)*
2.		*every x year(s)*
3.		*every x year(s)*
4.		*every x year(s)*
5.		*every x year(s)*
ation Reviews		
6.		*every x year(s)*
g and Awareness Raising		

7.	**g/communication sessions** • eLearning Fraud Awareness Training completed • xxx	3.2020

Appendix B

Glossary – Fraud Types

CIPFA Fraud and Corruption Tracker 2018

School Related
1. Cautions Cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to do so in that instance.
2. Debt fraud Debt fraud includes fraudulently avoiding a payment of debt to an organisation, excluding council tax discount.
3. Disciplinary outcomes Disciplinary outcomes relate to the number of instances where, as a result of an investigation by a fraud team, disciplinary action is undertaken, or where a subject resigns during the disciplinary process.
4. Economic and voluntary sector (grant fraud) This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation.
5. Insurance fraud This fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers.
6. Mandate fraud Action Fraud states that: "mandate fraud is when someone gets you to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation you make regular payments to, for example a subscription or membership organisation or your business supplier".
7. Manipulation of data fraud The most common frauds within the manipulation of data relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation. It also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.
8. No recourse to public funds fraud No recourse to public funds prevents any person with that restriction from accessing certain public funds. A person who claims public funds despite such a condition is committing a criminal offence.
9. Organised crime The Home Office defines organised crime as "including drug trafficking, human trafficking and organised illegal immigration, high value fraud and other financial crimes, counterfeiting, organised acquisitive crime and cyber crime".
10. Procurement fraud This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the 'purchase to pay' or post contract procedure, including contract monitoring.
11. Whistleblowing Effective whistleblowing allows staff or the public to raise concerns about a crime, criminal offence, miscarriage of justice or dangers to health and safety in a structured and defined way. It can enable teams to uncover significant

frauds that may otherwise have gone undiscovered. Organisations should therefore ensure that whistleblowing processes are reviewed regularly.

Wider Fraud Definitions

12. Adult social care fraud

Adult social care fraud can happen in a number of ways but the increase in personal budgets gives a greater opportunity for misuse.

Investigations cover cases where:

- direct payments were not being used to pay for the care of the vulnerable adult
- care workers were claiming money for time they had not worked or were spending the allocated budget inappropriately.

13. Blue Badge fraud

The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered and are issued to those with disabilities in order that they can park nearer to their destination.

Blue Badge fraud covers abuse of the scheme, including the use of someone else's Blue Badge, or continuing to use or apply for a Blue Badge after a person's death.

14. Business rates fraud

Business rates fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to separate between evasion and avoidance. Business rates fraud covers any fraud associated with the evasion of paying business rates including, but not limited to, falsely claiming relief and exemptions where not entitled.

15. Council tax fraud

Council tax is the tax levied on domestic properties and collected by district and unitary authorities in England and Wales and levying authorities in Scotland.

Council tax fraud is split into three sections:

- **council tax single person discount (SPD)** – where a person claims to live in a single-person household when more than one person lives there
- **council tax reduction (CTR) support** – where the council tax payer claims incorrectly against household income

other types of council tax fraud – e.g. claims for exemptions or discounts to which the council tax payer has no entitlement.

6. Housing fraud

Fraud within housing takes a number of forms, including sub-letting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, abandonment, or right to buy.

17. Right to buy

Right to buy is the scheme that allows tenants that have lived in their properties for a qualifying period the right to purchase the property at a discount.

18. Welfare assistance

Organisations have a limited amount of money available for welfare assistance claims so the criteria for applications are becoming increasingly stringent. Awards are discretionary and may come as either a crisis payment or some form of support payment.

Appendix D

A Desktop Guide to Reporting Fraud, Bribery and Corruption

FRAUD is the dishonest intent to obtain a financial gain from, or cause a financial loss to, a person or party through false representation, failing to disclose information or abuse of position.

CORRUPTION/BRIBERY is the offering, promise, giving, requesting, agreeing to receive, or accepting a payment or other advantage to induce or reward a person to improperly carry out their duties

DO

Note your concerns

Record details such as your concerns, names, descriptions, dates, times, details of conversations and possible witnesses. Time, date and sign your notes.

Retain or secure evidence

Retain any evidence that may be destroyed, but do not alter or write on it an in any way.

Report your suspicion promptly

Confidentiality will be respected – delays may lead to further financial loss.

Be discreet

Don't discuss your concerns with anyone who doesn't need to know.

DO NOT

Confront the suspect or convey concerns to anyone other than those authorised

Never attempt to question a suspect yourself; this could alert a fraudster and place you at harm and jeopardise an investigation/put evidence at risk.

Try to investigate the concern yourself

Never attempt to gather evidence yourself unless it is about to be destroyed; speak with the Council's Counter-Fraud Specialist as soon as possible for advice and guidance.

Be afraid of raising your concerns

The Public Interest Disclosure Act 1998 protects employees who have reasonable concerns. You will not suffer discrimination or victimisation by following the correct procedures.

Do nothing!

If you suspect that fraud against the school has taken place, you must report it immediately in line with the school's Fraud, Bribery, and Corruption Policy:

To the Headteacher or Chair of Governors in the first instance and
To the Audit Manager (Chris Pyke)
Via email to the Group Auditor Investigations (d.hexter@cardiff.gov.uk)

Fraud, Bribery & Corruption – for further advice, you may contact:

Audit Manager
Internal Audit, County Hall, Cardiff. CF10 4UW
Telephone: 2087 2284

All calls will be treated in confidence and investigated by professionally trained personnel

Protecting your school from Fraud, Bribery and Corruption

The Council's nominated **Counter-Fraud Specialist is David Hexter,** who can be contacted by telephoning **029 2087 2284, or emailing** d.hexter@cardiff.gov.uk
If you would like further information about Cardiff Council Fraud Activities, please visit our SharePoint site.