

## **ANTI FRAUD POLICY & PROCEDURE**

### **FRAUD ACT 2006**

(1) A person is guilty of fraud if he is in breach of any of the sections listed in subsection (2) (which provide for different ways of committing the offence).

(2) The sections are:

- (a) Section 2 (fraud by false representation),
- (b) Section 3 (fraud by failing to disclose information), and
- (c) Section 4 (fraud by abuse of position).

(3) A person who is guilty of fraud is liable:

- (a) On summary conviction, to imprisonment for a term not exceeding 12 months or to a fine not exceeding the statutory maximum (or to both);
- (b) On conviction on indictment, to imprisonment for a term not exceeding 10 years or to a fine (or to both).

(4) Subsection (3)(a) applies in relation to Northern Ireland as if the reference to 12 months were a reference to 6 months.

Click [here](#) for the complete list of provisions if the link fails to work, copy and paste the following you're your browser:

<http://www.legislation.gov.uk/ukpga/2006/35/contents>

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## INTRODUCTION

(CGN) Capital Growth Network has in place:

An Anti-fraud and Corruption Policy to establish a culture within (CGN) of the highest standards of probity and accountability and with no tolerance for dishonesty on the part of members, employees or others involved with (CGN).

A Whistle Blowing Policy to enable employees and others to raise matters of concern about potential malpractice, in any aspects of (CGN)'s work, in the knowledge that the matter will be diligently investigated and without fear of reprisals or victimisation

***This guidance note is intended to assist chief officers and their managers in dealing with any matters which arise in relation to these policies and, in particular, outline the steps to take if an allegation under the Whistle blowing arrangements is received by the Chief Officer.***

# 1. ANTI FRAUD & CORRUPTION POLICY

## POLICY STATEMENT

- 1.1 (CGN) Capital Growth Network is committed to ensuring that our clients can have complete confidence that the affairs of (CGN) is conducted in accordance with the highest standards of probity and accountability. (CGN) is, consequently, committed to combating fraud and corruption wherever it may arise in relation to any of (CGN)'s activities or services and involving any Members or officers of (CGN) or members of the public or other third parties.
- 1.2 (CGN) expects Members and officers to demonstrate the highest standards of honesty and integrity. This includes compliance with appropriate legislation, Member and Employee codes of conduct, Standing Orders, Financial Regulations, conditions of service, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular service or activity.
- 1.3 (CGN) is committed to establishing and maintaining effective arrangements to prevent fraud and corruption. (CGN) recognises, however, that fraud and corruption cannot always be prevented and so effective arrangements have been established to detect and investigate all incidents or situations where fraud and corruption is suspected.
- 1.4 (CGN) will not tolerate dishonesty on the part of any of the members or officers of (CGN) or any persons or organisations involved in any way with (CGN). Where fraud or corruption is detected (CGN) will rigorously pursue appropriate action against the persons concerned including legal and / or disciplinary action.
- 1.5 (CGN) is committed to creating and maintaining an anti-fraud and corruption culture and this includes establishing arrangements which enable employees, or other persons, to express concerns and suspicions without fear or repercussions or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously.
- 1.6 (CGN) is committed to working constructively with the police and other relevant agencies in relation to combating fraud or corruption within (CGN) or within the wider community.
- 1.7 (CGN) will seek to ensure that (CGN)'s stance on anti-fraud and corruption is widely publicised. All employees and members of (CGN) will be made aware of this policy statement.

- 1.8 This policy statement is supported by guidance notes that set out the procedures for applying the policy.

## **2. ANTI FRAUD & CORRUPTION PROCEDURES**

### **INTRODUCTION**

2.1 (CGN) Capital Growth Network is committed to the highest standards of probity and accountability to safeguard public funds. It will not tolerate dishonesty on the part of elected Members, employees or others involved with (CGN). It expects that elected Members and employees at all levels will act in a manner that ensures adherence to statutory requirements and to the rules and procedures of (CGN).

2.2 The Anti-Fraud and Corruption Policy applies to all elected Members and employees of (CGN). It also applies as far as it can to any persons companies or organisations in relation to their dealings with (CGN) including partnership arrangements and developments involving 'arm's length' companies or organisations, contractors, consultants, suppliers and claimants.

2.3 (CGN)'s primary objective, through the Anti-Fraud and Corruption Policy, is to ensure that fraud and corruption does not occur within (CGN) and if it does occur that it is detected and dealt with effectively.

2.4 These guidance notes are intended to advise all elected Members and employees of their obligations and rights within this policy and to assist Chief Officers, Heads of Service and managers in dealing with any matters which arise in relation to the policy.

### **3. DEFINITIONS**

#### **FRAUD**

3.1 The legal definition of fraud contained within the Fraud Act 2006 includes; fraud by false representation; fraud by failing to disclose information and fraud by abuse of position. Fraud is typically associated with financial loss however this policy relates to acts of dishonesty whether or not financial loss is incurred. For the purposes of this guidance note fraud may include:

The intentional distorting of statements or other records by persons internal or external to (CGN) which is carried out to conceal the misappropriation of assets, evasion of liabilities or otherwise for gain;

Unauthorised use of (CGN) property; or theft of monies or other (CGN) property by persons internal to (CGN).

3.2 The theft of (CGN) property carried out by person's external to (CGN) through for example break-ins, burglary and opportunist theft falls outside the scope of the Anti-Fraud and Corruption Policy. Thefts of this nature should continue to be reported by Chief Officers and managers directly to police in the normal way.

3.3 Fraud is a deliberate act of commission or omission by an individual or group of individuals. Fraud can occur in a number of ways including:

Fraud perpetrated against (CGN) by members of the public or other third parties

Fraud perpetrated against (CGN) by elected Members or employees of (CGN)

Fraud perpetrated jointly by members of the public or other third parties in collusion with employees or Members of (CGN)

3.4 Areas which may be most at risk in respect of fraud include but are not exclusively related to the following:

- Cash collection (any situation where cash or cheques are received or collected) - misappropriation, failure to account, borrowing by delaying paying monies in, falsifying of receipts, not issuing receipts;
- Credit income: suppression of invoices, issuing invoices for wrong amounts, unauthorised writing off debts;
- Payroll - falsification of records (time sheets, overtime claims); creation of fictitious employees;
- Creditor payments: payments for work not completed or not in accordance with the specification, or for goods not supplied or not in accordance with the original order;
- Expenses claims: over claiming of expenses;
- Benefits – over claiming by claimants or landlords, false, fictitious or contrived claims. Evasion of liability, either in full or part, for (CGN) Tax or National Non Domestic Rates. The unauthorised setting up or amendment of claims by employees (including payments to self, family, friends etc.). Employees aiding or abetting third parties in the completion or submission of false claims.
- Bank accounts and imprest accounts - use of accounts for unauthorised purposes
  
- Equipment and vehicles - unauthorised personal use.

## **CORRUPTION**

3.5 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person.

3.6 The main law relating to corruption in public bodies is contained in the Public Bodies Corrupt Practices Act 1889 and the Prevention of Corruption Act 1906 as supplemented by the Prevention of Corruption Act 1916, Local Government Act 1972 and the Anti-Terrorism Crime and Security Act 2001.

The law specifies that it is sufficient to prove that money or other consideration has been given or received and will presume that the money or consideration has been given or received corruptly unless the contrary is proved. This represents a reversal of the usual legal presumption of guilt and innocence.

3.7 Corruption occurs if a person offers gifts or consideration as an inducement or acts in collusion with others, i.e. with two or more person acting together. This could involve elected Members or officers of (CGN), members of the public or other third parties.

3.8 Areas which may be most at risk in respect of corruption include but are not exclusively related to the following:

- Tendering and award of contracts;
- Settlement of contractors claims for loss and expense, compensation, additional payments, or work not done or substandard;
- Award of permissions, consents, licences; Lettings; and Disposal of assets.



## **4. ANTI- CULTURE & KEY PRINCIPLES**

4.1 (CGN) aims to ensure that elected Members and employees exercise proper stewardship of public money and that effective controls and procedures are embedded into all working practices which will prevent and detect fraud and corruption. Elected Members and employees should be aware of their roles in preventing and detecting fraud and managers should ensure they lead by example in compliance with rules and regulations.

4.2 Legislation regulates the banking & finance sector and, amongst other things, sets out the framework that ensures that financial institutions adopt effective control and governance arrangements. Within this framework, (CGN) has adopted a Constitution containing instructions, regulations and procedures which are designed to ensure high standards of probity in the conduct of the affairs of (CGN). The Constitution can be found at [www.cgnequity.com](http://www.cgnequity.com)

4.3 The primary defence against fraud and corruption is the establishment of sound practices, procedures and systems, incorporating effective controls, which are subject to effective monitoring, supervisory and managerial arrangements. It is the duty of every manager and supervisor to operate the systems and controls in their area of responsibility, necessary to prevent and detect fraud and corruption. Failure to do so, especially where such failure results in fraud, corruption or theft, may result in disciplinary action.

4.4 These control arrangements need to apply within an overall culture, within (CGN), which positively promotes the highest standards of probity and which makes it absolutely clear that (CGN) will not tolerate dishonesty on the part of any of the officers or Members of (CGN) or any persons or organisations involved in any way with (CGN).

4.5 Compliance with all the rules and statutes referred to above involves the implementation and maintenance of effective management arrangements, systems, controls, procedures, working practices, standards of good practice and monitoring arrangements. This combination of measures, allied to a culture that promotes the highest standards of probity, represents (CGN)'s primary defence against fraud and corruption.

4.6 Where (CGN) members or employees are involved, or where any person acts on behalf of or as an agent of (CGN), or where initiatives or schemes involve funding through (CGN), the principles outlined in the Anti-Fraud and Corruption Policy must be applied.

## **5. ROLES & RESPONSIBILITIES**

### **(CGN).**

5.1 As elected representatives all Members have a duty to act to prevent fraud and corruption. Every elected Member has a role to play in maintaining the standards of probity and integrity that the public is entitled to expect, which obviously includes compliance with relevant rules and procedures. The Code of Conduct for Members addresses standards and expectations.

### **MANAGEMENT**

5.2 Chief Officers and Heads of Service have a specific responsibility to publicise the anti-fraud and corruption policy to all employees and to ensure they are aware of their responsibilities as outlined in this policy and of sanctions which can be levied. The intention is to develop a culture of openness and honesty.

5.3 Managers are responsible for actively dealing with suspected cases of fraud in a reasonable timeframe.

5.4 Responsibility for maintaining effective systems, procedures and controls to prevent fraud and corruption rests with Chief Officers, Heads of Service and their managers responsible for relevant systems or particular areas of service.

### **EMPLOYEES**

5.5 All employees have an obligation to be vigilant to the risk of fraud and corruption. They are expected and positively encouraged to raise concerns relating to potential fraud and corruption when they become aware of it. Employees should report matters of concern as soon as possible. Reports raised in good faith will be treated in a confidential manner and investigated.

5.6 The Employees Code of Conduct addresses (CGN)'s standards and expectations of personal conduct. Breaches of conduct will be addressed through disciplinary procedures.

## **6. REPORTING IRREGULARITIES**

### **MEMBERS**

6.1 Where Members wish to report alleged irregularities, the normal reporting route should be through the Chief Officer of the service area involved or, alternatively, (and in situations where it would not be appropriate to report through the Chief Officer) direct to the Chief Executive.

6.2 The Chief Executive must be informed where alleged irregularities involve Members.

### **EMPLOYEES**

6.3 As indications of suspected irregularities could arise in many different ways it is possible that any of (CGN)'s employees could be the first to become alerted to a potential situation involving fraud or corruption. For this reason it is vital that all employees know what to do if they become aware of a potential irregularity.

6.4 Any employee, becoming aware of a potential financial irregularity must, under normal circumstances, report the situation to his line manager as soon as possible. The manager in turn should also report through the management structure as soon as possible.

6.5 At the appropriate management level, which is normally Chief Officer or Head of Service, the situation must be reported to Chief Executive who will then select a course of action.

6.6 The Chief Executive will advise on and instigate such action as considered necessary for investigating the alleged irregularity. This will take into account whether the alleged financial irregularity warrants investigation by Action Fraud, the Police should be referred to immediately or whether the Department should conduct its own investigation.

6.7 Where an allegation or suspicion of fraud concerns an employee and is considered sufficiently serious to be investigated, then an Investigating Officer will be appointed. As appropriate and agreed The Chief Executive will investigate fraud involving accounting and other records, evaluate systems and internal control and collate evidence providing an opinion on allegations made. This will be reported to the Investigating Officer who will have overall responsibility in taking the investigation forward for disciplinary purposes.

## **REPORTING DIRECTLY TO THE CHIEF EXECUTIVE**

6.8 If an employee feels it would not be appropriate to report alleged or suspected irregularities through the normal line management structure, then the employee should report to a different senior manager within the Department. If the employee feels uncomfortable with this approach they can report directly to Chief Executive.

6.9 In certain circumstances it would be appropriate for an employee to report directly to the Chief Executive anyway. For example if there were reasons to believe that any subsequent investigation might be compromised if the situation were to be reported through departmental managers. The most likely reasons for reporting direct to CEO would include because line managers were implicated in the alleged irregularity and the employee was not sure who it was safe to report to within the Department or there were reasons to believe that the situation might be suppressed or covered up by senior departmental managers.

## **ALTERNATIVE CONTACT POINTS**

6.10 (CGN) provides the reporting lines above to ensure that Elected members and employees are satisfied that reports will be treated seriously and that action will be taken. If they consider this is not the case then matters could be taken outside (CGN) to other contact points. The process for this is described in more detail in (CGN)'s Whistleblowing policy and guidance.

## **CUSTOMERS & GENERAL PUBLIC**

6.11 Customers, suppliers and members of the public are encouraged to raise any concerns they may have through (CGN)'s Complaints procedures that are subject to separate guidance or by writing to their local (CGN). or to the Chief Executive.

## **7. REPORTING CRITERIA AND NOTIFICATION**

7.1 Reports from elected members or employees about suspected irregularities should adhere to the following key criteria:

Suspected fraud, financial irregularity, improper use or misappropriation of the Company's property or resources must be notified to the Chief Executive as quickly as possible.

Allegations must be handled confidentially and discreetly by those managers who are directly involved in the reporting process as any leak of information may jeopardise subsequent investigations.

Pending investigation and reporting, the Chief Officer or Head of Service should decide to take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

Chief Officers or Heads of Service should treat all concerns seriously and sensitively to ensure that risks are effectively addressed and action taken.

The reporting manager should record and collect as much information as possible in respect of the allegation without delaying the process or compromising the investigation. If the information comes from a third party, as much information as possible should be gleaned from the informant and every effort made to ensure that it is possible to make further contact with the informant.

Any records or information relating to the allegation must be secured so that there is no possibility of evidence being lost, destroyed, amended or otherwise tampered with. This includes IT systems as well as paper based records. Managers may need to do this quickly when the allegation is made.

## **8. CONDUCT OF THE INVESTIGATION**

8.1 The nature of the reported irregularity must be established to assess the appropriate method of investigation. The Chief Executive will work with management to ensure that necessary steps are taken to assess the risk and to determine the appropriate investigation requirements.

### **8.2 The general approach adopted includes:**

Any investigation requires the full support and co-operation of the relevant department. The terms of reference for Audit state that Auditors should have access to all records and documents of (CGN) and authority to require explanations from officers of (CGN) in relation to any matters to aid the investigation.

All investigations will be carried out confidentially and as quickly as possible by the nominated investigating officer. The appropriate Chief Officer or Head of Service should be kept informed of developments and the final outcome of the investigation.

Interim reports (from the Investigating Officer) may be either verbal or in writing dependent upon the circumstances of the case and the degree of urgency.

Final reports will be formal and in writing and will be sent to the Chief Executive and Chief Officer of the Department concerned (unless the particular subject matter of the case dictates that this distribution would not be appropriate).

Fraud cases involving disciplinary issues will be progressed by appropriate and duly appointed 'Investigating Officers' in consultation with senior management & Personnel

The Chief Officer or Head of Service responsible for the particular service area subject to investigation, will need to decide if the investigation is of such significance that it needs to be brought to the attention of the appropriate Executive Member.

## **9. REFERRAL TO THE POLICE**

9.1 Action Fraud will, in consultation with the Chief Executive whether reference to the police is appropriate and will make the formal referral to the police. This should not usually be done by management.

9.2 If there is doubt about the strength of the evidence, or whether or not there is sufficient evidence of a criminal offence, legal advice will be sought to determine if referral to the police would be appropriate.

9.3 Once an issue has been referred to the police, they should take full control of the investigation. If the evidence supports prosecution the police will bring the appropriate charges. Ultimately, the Crown Prosecution Service (CPS) will decide whether or not the case should be prosecuted based on the available evidence. During the course of these procedures the full and prompt co-operation of all relevant (CGN) officers will be required.

9.4 If the Police decide that it would not be appropriate to bring charges against any individuals, or if the CPS subsequently decides not to proceed with the case, the matter will remain as an internal issue to be addressed within (CGN)'s own internal policies and procedures.

## **10. DISCIPLINARY CASES**

10.1 There are consequences for anyone who has committed acts of fraud or corruption against (CGN) and these can act as a powerful deterrent. Where cases involve employees of (CGN) it may be necessary, based on the available evidence, to invoke (CGN)'s Disciplinary Procedures.

10.2 Any disciplinary offence involving financial irregularities, theft, fraud or corruption (including claimant fraud or (CGN) tax evasion involving employees) would normally be regarded as gross misconduct, and an employee found to have committed gross misconduct should expect to be dismissed.

## **11. OTHER CRIMES AGAINST (CGN)**

11.1 For any other types of crimes other than theft, fraud and corruption that are likely to have been perpetrated by (CGN) employees (for example criminal damage or assault) then advice should be sought by appropriate senior managers of the relevant department in consultation with Personnel. Action should be taken by management to ensure allegations are dealt with quickly and effectively.

## **12. RECOVERY OF LOSSES & AWARDS OF COMPENSATION**

12.1 In cases where it is possible to establish that (CGN) has suffered a loss, either through theft or fraud, (CGN) will seek compensation through either the Courts or in accordance with the local government pension scheme regulations.

12.2 Should an offender at any time during the course of an investigation or disciplinary hearing offer to repay monies then the offer should be accepted. No offers or promises should be given and the person should be informed that repayment is being accepted without prejudice to any further actions. This should then be confirmed in writing.

12.3 An offer by the defendant to resign from employment of (CGN) before completion of investigation action should be considered in light of the impact on the investigation and on the potential recovery of monies. Advice should be sought from Personnel prior to any decision to accept a resignation.



### **13. MONITORING**

13.1 A Chief Executive officer will be responsible for monitoring the effectiveness of the procedures for investigation of irregularities outlined in this guidance note and for amending the procedures as necessary.

### **14. TRAINING AND AWARENESS**

14.1 The success of the anti- fraud and corruption policy will be in part dependant on developing awareness and understanding throughout the organisation. Chief Officers and Heads of Service are responsible for ensuring that employees are aware of the procedures for the investigation of irregularities and for ensuring that any training needs which may arise from the application of the procedures are resourced and addressed.

14.2 Raising awareness of (CGN)'s Anti-Fraud and Corruption Policy should form part of the induction training for all new employees and should be part of ongoing developmental training for managers and staff. Communication of the policies and processes should also be regularly advertised to all members and employees using internally information systems and externally to the wider population through (CGN)'s website. This is to ensure that employees remain aware of the requirements.

14.3 Members, employees, consultants and others must make sure that they read and understand the rules and regulations that apply to them in regard to anti-fraud and corruption. Managers should ensure that this is done.

### **15. CONCLUSION**

15.1 The above procedures are designed and communicated to ensure that irregularities are taken seriously, are investigated thoroughly and prosecuted in a diligent and effective manner with due reference to the law. This guidance note should be considered alongside (CGN)'s policy and procedures for Whistleblowing.