



## Fraud, Corruption & Bribery A Guide for Managers

### How should YOU react to suspected FRAUD?

#### Why you should read this Guide

Fraud within the public sector is estimated to cost the taxpayer billions each year.

Detected cases of fraud and corruption are on the increase. All public sector organisations are likely to be affected in some way by fraudulent or corrupt activity. In addition the Bribery Act was introduced from June 2011, and this applies equally to local authorities as well as the private sector.

*As a manager, it is possible that you may encounter fraud, corruption or bribery first hand.*

The Police have in the past reported nationally that they cannot prosecute over half of fraud and corruption cases because of inappropriate action taken **before** the case is referred to them.

The Council is committed to tackling the issue and we all have a responsibility to ensure any reported malpractice is dealt with properly. It may be suspected fraudulent activity, an irregularity or a serious failure of work standards. The action that you take when you first identify, or are made aware of, the matter, may be crucial in determining the success of any subsequent investigation.

*It is your responsibility to ensure that suspicions reported to you are investigated*

## The Council's Response to Fraud and Corruption

Under the Council's Financial Procedure Rules all employees have an obligation to report suspected or potential irregularities. Paragraph 4.3.12 of the Rules states:

“In the case of **any suggested or potential irregularity** in the exercise of the Council's functions the officer concerned **shall immediately** notify” one of the specified contacts who will take the necessary steps by way of investigation and report.”

All fraud or bribery must be reported at the earliest opportunity and all frauds or suspected irregularities will be investigated.

### Acting Upon Your Suspicions – the Do's and Don'ts

One of the specified contacts will give all necessary advice. There are, however, some common sense rules that can be applied in all cases where fraud, corruption or bribery is suspected within the workplace:

#### The 5 Do's

##### 1 Be responsive to officer's concerns.

You need to encourage your officers to voice any reasonably held suspicion as part of developing an effective anti-fraud culture. When a concern is raised you should acknowledge it and treat it seriously, confidentially and sensitively.

Although anonymous tip-offs are discouraged, **ALL** reasonable complaints must be investigated. Failure to do so may result in the employee raising the matter directly with the External Auditors or the Police.

Officers may ask their Trade Union representative to either raise an issue for them or to attend any meetings with them. Alternatively they may have a friend with them at any meetings on the issue.

##### 2 Do note details.

Make a note of all relevant dates, times and events. Obtain as much information as possible from the officer. A statement might be required as part of the evidence, but this will be dealt with during the course of the subsequent investigation.

If the employee has made any notes or diary entries, take a copy of these also. In addition, note any documentary evidence which may exist to support the allegations made, but do not interfere with this evidence in any way.

##### 3 Do evaluate the allegation objectively.

Before you take the matter further, in accordance with the whistleblowing policy you need to decide whether the suspicions suggest this is fraud, bribery or corruption. Be objective and consider the facts as they appear, based on the information you have to hand and any further information sought from the officer. If in doubt consult one of the specified contacts.

**4 Do advise the appropriate person.** If you feel that a suspicion of irregularity is justified, you should notify one of the specified contacts and arrange to hand over the information gathered, and where anonymity is not an issue, the officer's name and contact details. Someone will be assigned to investigate and inform the officer of what will happen next (although it may not always be possible to inform them of the progress of the investigation and its outcome).

**5 Deal with the matter promptly if you feel the concerns are warranted.** Any delay may cause the Council to suffer further financial loss. Depending upon the findings of the internal investigation, the matter could be referred to the External Auditors or the Police for attention.

### The 5 Don'ts

**1 Don't ridicule suspicions raised by officers.** The Council cannot operate an effective anti-fraud policy if employees are reluctant to pass on their concerns to management.

Employees may be reluctant to raise concerns for fear of ridicule or recrimination.

You should ensure you listen to all officers' concerns and reassure them that they will not suffer any recrimination as a result of raising any reasonably held suspicion. You can refer them to the Whistleblowing policy for details of this.

In particular, you should note that employees are protected from victimisation, dismissal and selection for redundancy under the Public Interest Disclosure Act 2013 when making certain disclosures of information in the public interest. Compensation may be payable if any such victimisation occurs. The Council's Senior Solicitor will provide advice to employees, in confidence, on whether a proposed disclosure would be protected under the Act.

**2 Don't disclose to any person being investigated the source of the information.**

The Council is committed to protecting those officers who report suspicions from harassment or victimisation.

**3 Don't approach or accuse any individuals directly.**

**4 Don't convey your suspicions to anyone other than those with proper authority.**

**5 Don't try to investigate the matter yourself.** Remember that poorly managed investigations are highly likely to jeopardise any successful criminal prosecution.

### Summary of Manager's Responsibilities

- Become familiar with these principles and to whom suspicions should be reported.
- If you receive a report of suspected fraud, corruption or bribery make a note of all relevant details, but *do not attempt to investigate the matter further yourself.*
- Report all reasonable suspicions promptly to one of the specified contacts. If in doubt report the suspicions.

### Investigating Suspected Irregularities

The Whistleblowing policy and Financial Procedure Rules explain who the investigating officers are for fraud, corruption and irregularity issues. The officers are specifically trained to investigate such cases.

Evidence will be gathered in accordance with the Police and Criminal Evidence Act and other legislation and the investigation will be managed to ensure that suspects are not prematurely alerted or evidence destroyed.

Managers may be required to assist the investigation but this will be under very specific guidance. The investigators will be responsible for notifying the whistleblowing officer of any matters.

### Need Further Advice ?

If you need further advice the specified contacts are:

**Steve Hearse, Statutory Finance Officer on 01237 428967**

**Staci Dorey, Solicitor on 01237 428763**

**Sarah Ayres, HR Manager on 01237 428791**

**Chris Dobbs, Governance Team on 01237 428789**

**Rob Hutchins, Internal Audit (Devon Audit Partnership) On 01392 383000**

**Grant Thornton (external auditors) on 0117 305 7600**