

# DERBYSHIRE FIRE & RESCUE SERVICE



## SERVICE PROCEDURE

### ANTI FRAUD AND CORRUPTION

FEBRUARY 2022

VERSION 1.2

STATUS: LIVE

<b>CONTENTS</b>	Foreword Introduction Corporate Framework and Culture Prevention Deterrence Detection Conclusion Relevant Documents
<b>FOREWORD</b>	<p>Over recent years, there has been a growing awareness in the public sector of an increasing level of fraud, and the publicity given to discovered frauds. There are also indications that fraud is becoming more organised.</p> <p>Derbyshire Fire and Rescue Service (the Service) is committed to the prevention, detection and investigation of all forms of fraud and corruption. The Service aims to prevent theft, fraud and corruption against Derbyshire Fire and Rescue Authority (the Authority) by:</p> <ul style="list-style-type: none"><li>• developing an anti-fraud and corruption culture among staff and the public to deter such acts;</li><li>• encouraging the reporting of reasonably held suspicions;</li><li>• designing and operating systems, procedures and policies which minimise the risk of fraud, theft, corruption, misappropriation and misuse of assets ; and</li><li>• assisting other government bodies, where appropriate, in their investigations into theft, fraud and corruption.</li></ul> <p>The Service will treat each case on its own merits, but where appropriate, the Service will seek to prosecute persons who:</p> <ul style="list-style-type: none"><li>• operate corrupt practices against the Authority; or</li><li>• steal from the Authority; or</li><li>• defraud the Authority;</li></ul>

Service Procedure: Anti-Fraud and Corruption v1.2 February 2022

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	<p>and will seek to recover the proceeds of any such activity from identified offenders.</p>
<p><b>INTRODUCTION</b></p>	<p>The Authority aims to make sure all of its services are of the highest possible quality; provide value for money, and that it is fully accountable, honest and open in everything it does. As with any large organisation, the size and nature of our services puts us at risk from fraud, corruption, theft, irregularity, improper use or misappropriation of the Authority’s property or resources both from within the Authority and outside it.</p> <p>The Authority is committed to making sure that the opportunity for fraud and corruption is reduced. Where there is the possibility of fraud, corruption and theft, it will be dealt with in a firm and controlled manner.</p> <p>An important part of this approach is the existence of an Anti-fraud and Corruption Strategy, to advise and guide members and staff on the Authority’s approach to the serious issues of fraud and corruption. This document provides an overview of Authority policy in this matter and includes a fraud response plan on how to deal with fraud and corruption.</p> <p>The main message is that the Authority expects all Members, employees, consultants, contractors, partnering organisations and service users, to be fair and honest, and to provide the help, information and support the Authority needs to deal with fraud and corruption.</p>
<p><b>CORPORATE FRAMEWORK AND CULTURE</b></p>	<p>The Authority has a wide range of interrelated policies, codes, rules and procedures and other guidance documents that provide a corporate framework to counter the possibility of fraudulent and / or corrupt activity. These have been developed taking account of appropriate legislative requirements and expected standards relating to public sector life. These documents include:</p> <ul style="list-style-type: none"> <li>• Codes of Conduct for Members and employees</li> <li>• Financial and Contract Procedure Rules</li> <li>• Disciplinary Procedures</li> <li>• Confidential Reporting Code (Whistleblowing)</li> <li>• Complaints Procedures</li> <li>• Local Code of Governance</li> <li>• Gifts and Hospitality Protocols</li> <li>• Register of Interests</li> </ul> <p>The expectation is that elected / co-opted Members and employees of all levels will adopt the highest standards of propriety and</p>

	<p>accountability and demonstrate that the Authority is acting in a transparent and honest manner. Compliance with this Procedure, along with adherence to the requirements of the related Codes of Conduct, Protocols and Procedures referred to above, should ensure such standards are achieved. Consequently, any elected / co-opted Member of the Authority who commits a fraudulent or corrupt act against the Authority will be subjected to the Authority's procedures for dealing with complaints of misconduct against Members operated via the Authority's Monitoring Officer / Standards Committee. Any employee committing a fraudulent or corrupt act against the Authority will be subjected to Derbyshire Fire and Rescue Service's disciplinary procedures. The above action in relation to both Members and officers will be in addition to any prosecution proceedings that might occur.</p> <p>The highest standards are also expected from all organisations that have dealings with the Authority. Suppliers, contractors, consultants, partners and other organisations funded by the Authority are therefore expected to adopt or abide by Authority's and Service's policies, procedures, protocols and codes of practice as appropriate. The Authority will consider the extent to which it has further involvement with any organisation that fails to abide by the expected standards.</p> <p>The maintenance of a culture of honesty and openness, based on values such as fairness, trust and integrity is a key element in tackling fraud and corruption. In this respect, each Member and employee of the Authority is under a duty to report any reasonable suspicions and is encouraged to raise concerns about fraud and corruption, regardless of rank, seniority or status, in the knowledge that such concerns will be properly investigated. To this end, the Authority has a Confidential Reporting Code (Service Procedure: Whistle-blowing Public Interest Disclosure) to protect anyone who wishes to raise concerns about behaviour / practice.</p> <p>When fraud and / or corruption has occurred due to an identified breakdown in controls, the relevant Principal Officer will be responsible for ensuring appropriate improvements in systems of control are implemented in order to minimise the risk of re-occurrence.</p>
<b>PREVENTION</b>	<p>Fraud and corruption is costly, both in terms of reputational risk and financial losses (either directly through the loss of cash / assets and / or through the utilisation of resources in dealing with and resolving any identified cases).</p> <p>The Authority recognises that the successful implementation of an anti-fraud and corruption culture is dependent on the commitment and</p>

involvement of Members, senior and other levels of management, all employees, workers and stakeholders in the wider community. Specific responsibilities are detailed below. Collectively these actions promote an anti fraud culture and minimise the Authority's exposure to the risk of fraud and corruption.

The prevention of fraud and corruption is therefore a key objective and respective roles and responsibilities are outlined below:

### **Members**

Members have a duty to protect the Authority and public money from any act of fraud or corruption. Members discharge their duty by complying with the Code of Conduct for Members and the Constitution. There is an established Standards Committee, which considers and takes action in relation to complaints received about Member's conduct. Members play an active part in ensuring good corporate governance and a commitment to and support of the Authority's approach to anti fraud and corruption. They provide a key link to the residents of Derbyshire and have a wider role in promoting the Authority's ethics and values within the community.

### **Governance & Performance Working Group**

The Governance & Performance Working Group Terms of Reference outline their responsibility to "monitor Authority policies on the anti-fraud and anti-corruption strategy". The Governance & Performance Working Group also has a responsibility to monitor and, where necessary, challenge the Authority's risk management processes, including the management of identified fraud risks. Members of the Governance & Performance Working Group receive regular updates from the Head of Audit and Risk Management in relation to fraud cases and the action taken. Members of the Governance & Performance Working Group challenge management where significant risks are identified in Internal Audit reports.

### **The Chief Fire Officer/Chief Executive**

The Chief Fire Officer/ Chief Executive is responsible for leading and promoting the Authority's ethical agenda.

### **S112 Officer**

The Authority's appointed Section 112 Officer is responsible for the proper administration of the Authority's financial affairs. This is a statutory role under the Local Government Act 1972. They have a duty to notify the Chief Fire Officer/ Chief Executive if the Authority, one of its committees or one of its employees has taken, or is about to take, an unlawful action which has or would result in a loss to the Authority.

**Monitoring Officer**

The Monitoring Officer is responsible for ensuring that all decisions that the Authority makes are within the law. This is a statutory role appointed under Section 5 of the Local Government and Housing Act 1989. The Monitoring Officer also has a key role in promoting and maintaining high standards of conduct amongst Members of the Authority, through supporting Members of the Authority to help them to follow the Code of Conduct and the Authority's other rules and procedures.

**Principal Officers, Directors, Area Managers and Heads of Department**

Principal Officers, Directors, Area Managers and Heads of Department are responsible for promoting and implementing this document. All managers should encourage employees to raise any concerns they may have about fraud or corruption, in line with the Authority's Confidential Reporting Code. Managers are responsible for the identification, analysis and prioritising of risk, including fraud risk, in their service areas. Risks must be managed in line with the Authority's Risk Management guidelines. Managers must have sufficient controls in place, including separation of duties, to safeguard assets and reduce losses through error or fraud and corruption. Managers should ensure that employees and other workers, for example, agency staff and volunteers, are aware of and regularly reminded about the Authority's Anti Fraud and Corruption Policy and Service Procedure.

**All employees**

All employees must operate the systems of internal control established by management. Employees are governed in their work by the various policies, protocols, codes, rules and procedures, particularly regarding conduct issues and are responsible for ensuring that they follow any instructions given to them by management, particularly in relation to the safekeeping of assets. In this context, any action committed by an employee of the Authority in their private life, for which they are convicted of a criminal offence, should be brought to the attention of their line manager by the employee concerned, with a view to enabling an appropriate assessment of any possible impact on their job role and the instigation of any action to address associated risks. Failure to do so, should the matter come to light through other means will result in the Authority's disciplinary procedures being instigated. Employees must be aware that any theft, fraud or corruption against the Authority is classed as gross misconduct under the disciplinary process. Employees are also expected to be alert to the possibility that fraud and corruption may exist in the workplace and are under a duty to share (with management or other agreed body) any concerns they may have.

Employees are protected under the Authority's Confidential Reporting Code, where required, regarding any concerns they raise in good faith. Line managers should consult with Internal Audit in assessing risks to the Authority regarding any notification by an employee of a criminal conviction. All criminal offences (including driving offences) should be disclosed to ensure that a full risk assessment can be undertaken.

### **Partners**

The Authority's Partners should ensure that there are adequate arrangements in place to minimise fraud and corruption and protect the public funds they receive from the Authority. All Partners have a duty to report any suspected fraud or corruption that arises from their relationship with the Authority to the Head of Audit and Risk Management.

### **Internal Audit**

Internal Audit independently monitors the existence, appropriateness and effectiveness of internal controls as a service to management and thereby plays a vital preventative role. Internal Auditors are empowered to:

- Enter at all reasonable times any Authority premises or land.
- Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary.
- Have access to records belonging to third parties such as contractors when required (dependent on rights of access clauses within individual contracts / agreements).
- Require and receive such explanations as are regarded necessary concerning any matter under examination.
- Require any employee of the Authority to account for cash, stores or any other Authority property under their control or possession.

Internal Audit work results in a liaison / reporting process whereby changes in procedures are recommended / agreed with management with a view to reducing risks and preventing losses to the Authority. Internal Audit also follows up and informs management as to the extent that such agreed action has been implemented. Internal Audit has reporting lines to the highest levels of authority within the Authority, enabling any failure to implement agreed action to be appropriately challenged. Internal Audit contributes to deterring fraud by working with other local authorities, the police and professional bodies. This ensures the Authority's anti fraud arrangements are in line with current best practice.

The Authority participates in the National Fraud Initiative (NFI). This is a computerised data matching exercise, designed to detect fraud in public bodies. The Authority also participates in local and regional data matching. Internal Audit is the Authority's key contact for the National Fraud Initiative and all local data matching exercises and as such they will work closely with relevant managers to ensure all data subjects (for example, staff) are notified that their data will be shared for these exercises. Internal Audit will work with partners to share information and encourage participation in data matching and other anti fraud measures. Internal Audit will report frauds to the Principal Officers, Directors, Area Managers and Heads of Department and External Audit as appropriate.

### **Legal Services**

The Service Solicitor will notify Internal Audit of any potential fraud issues identified from complaints received. Legal Services provide advice and support during fraud investigations where required and any subsequent civil action taken to recover losses. Legal Services are responsible for maintaining details of authorisations under the Regulation of Investigatory Powers Act 2000 (RIPA), where surveillance of persons is intended. RIPA guidance is available on the Intranet.

### **Human Resources**

HR maintains and promotes the Employee Code of Conduct and related policies and procedures. They have a responsibility to ensure effective 'gateway' controls are in place for the recruitment of new employees, including pre-employment checks. Human Resources will inform the Chief Fire Officer/ Chief Executive or Director of Finance of all disciplinary issues, financial or otherwise and will work together with Internal Audit to improve controls and ensure the effectiveness of disciplinary action.

### **Procurement Manager**

The Procurement Manager is responsible for the maintenance and monitoring of compliance with the Authority's Contract Procedure Rules. The Procurement Officer will work with the Director of Finance to ensure effective antifraud and corruption processes are in place for contracting and inform the Director of Finance of any potential fraud or corruption relating to the letting and monitoring of contracts, or non-compliance with Contract Procedure Rules.

### **External Audit**

Independent external audit is an essential safeguard of the stewardship of public money. The appointed Auditor carries this out through specific reviews that are designed to test (amongst other things) the adequacy of the Authority's financial systems and

	<p>arrangements for preventing and detecting fraud and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Authority's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.</p> <p><b>Public</b>          Whilst this policy is primarily aimed at those within or directly associated with the Authority, the public has a role to play in that they should be honest in their dealings with the Authority and inform appropriate Members / employees of the Authority if they feel that fraud, corruption or other wrong-doing may have occurred.</p>
<b>DETERRENCE</b>	<p>Whilst many of the issues outlined on prevention will act as a deterrent, there are specific ways in which we seek to deter potential wrongdoers from committing or attempting fraudulent or corrupt acts. These include:</p>
	<ul style="list-style-type: none"> <li>• Publicising that the Authority is firmly against fraud and corruption at appropriate opportunities and will take stern action against perpetrators (for example, dismissal of employees, prosecution of offenders, termination of contracts etc).</li> <li>• Acting robustly and decisively when fraud and / or corruption are suspected and, if proven, being committed to viewing cases seriously and taking action as appropriate bearing in mind all relevant factors of each case.</li> <li>• Always seeking to maximise recoveries for the Authority, through agreement, repayment, court action, penalties, insurance, superannuation benefits etc.</li> <li>• Referring any investigative cases to the Police as soon as there is sufficient evidence that criminal offences are likely to have occurred (As per the Fraud Response Plan).</li> <li>• Liaising with the press or otherwise publicising any anti-fraud and corruption initiatives undertaken by the Authority and subsequent results, where deemed appropriate.</li> <li>• Where appropriate, publicising the results stemming from investigations into suspected cases of fraud and corruption.</li> </ul>
<b>DETECTION</b>	<p>Whilst it is not an Internal Audit responsibility to detect fraud and corruption (this is the responsibility of management), Internal Audit plays an important role in such detection. Internal Audit plans include reviews of systems of internal controls, specific fraud and corruption tests, spot checks and unannounced visits. Such work may directly</p>



	<p>detect instances of fraud and corruption and invariably contributes to improved controls / procedures that aid detection of fraud and corruption or otherwise deter it from happening.</p> <p>Principal Officers, Directors, Area Managers and Heads of Department have responsibility for preventing and detecting fraud and corruption, but it is often the alertness of staff or members of the public, to the possibility of fraud and corruption, which aids detection.</p> <p>Allegations and complaints are key sources of detection regarding fraud and corruption and as such the Authority treats this type of information seriously and in line with the Confidential Reporting Code where applicable.</p> <p>Awareness of the key indicators of fraud and corruption is also advantageous to the detection of these offences and the Authority is committed to training and communication routines whereby Members of the Authority, managers and employees can be informed of or updated with the relevant facts that will aid their vigilance regarding the identification of fraud and corruption.</p>
<b>CONCLUSION</b>	<p>The Authority is committed to tackling fraud and corruption whenever it happens. The Authority's response will be effective and organised and will rely on the principles included in this document.</p>
	<p>The Authority will continue to review our rules and procedures and will make sure that this strategy document is regularly reviewed to make sure it stays effective.</p> <p>The key to introducing a successful anti-fraud and corruption strategy and making sure it continues to apply will depend on effective communication of the strategy and appropriate awareness training for employees.</p> <p>Advice and training in fraud awareness is available from Internal Audit to managers and staff involved in internal control systems and advice on covert surveillance is available from Internal Audit.</p>
<b>RELEVANT DOCUMENTS</b>	<p>Anti Fraud and Corruption Strategy  Anti Fraud and Corruption Policy  Service Procedure: Whistle-blowing Public Interest Disclosure  Members' Code of Conduct  Code of Conduct for Employees  Standing Orders  Financial Regulations  Scheme of Delegation</p>

## DOCUMENT HISTORY

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<b>Replaces</b>	1.1
<b>Summary of changes</b>	Document reviewed and minor changes are required.
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<b>Approved by</b>	Simon Allsop

### Revision history

<b>Version</b>	<b>Date</b>	<b>Author</b>	<b>Changes</b>
1.1	January 2019	S Allsop	Updated
1.0	Sept 2014	S Allsop	New Service Procedure

### Review Period

This Policy Note will be reviewed in February 2023.

### Distribution

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