



## Anti-Fraud and Corruption Policy

### Document Control

Title	Anti-Fraud and Corruption Policy
Executive Board Owner	Linda Horne - Executive Director of Finance and Business Hub
Committee Approval	Business Management Panel
S73 Officer	Executive Director of Finance and Business Hub
Monitoring Officer	Helen Edwards - Director of Law and Governance
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## **1. Policy Statement**

- 1.1 The Combined Authority is committed to ensuring that the people of the West Midlands can have complete confidence that the affairs of the Combined Authority, its committees and joint committees are conducted in accordance with the highest standards of probity and accountability. The Combined Authority is, consequently, committed to combating fraud and corruption wherever it may arise in relation to any of the Combined Authority's activities or services and involving any Members, its committees or joint committees, or officers of the Combined Authority and the Constituent Authorities and Non-Constituent Authorities who provide services to the Combined Authority, its committees or sub committees or members of the public or other third parties.
- 1.2 In this policy, references to Members of the Combined Authority include references, where appropriate, to members of its committees and joint committees and, references to officers of the Combined Authority include references where appropriate to officers of the Constituent Authorities and Non-Constituent who provide services to the Combined Authority, its committees, and joint committees.
- 1.3 The Combined Authority expects Members and officers to demonstrate the highest standards of honesty and integrity. This includes compliance with appropriate legislation, Member and officer 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 service or activity.
- 1.4 The Combined Authority is committed to establishing and maintaining effective arrangements to prevent fraud and corruption. The Combined Authority recognises, however, that fraud and corruption cannot be wholly prevented, effective internal controls are in place specifically to prevent fraud in many instances and so effective arrangements have been established to detect and investigate all incidents or situations where fraud and corruption is suspected.
- 1.5 The Combined Authority will not tolerate dishonesty on the part of any of the Members or officers of the Combined Authority or any persons or organisations involved in any way with the Combined Authority. Where fraud or corruption is detected, the Combined Authority will rigorously pursue appropriate action against the persons concerned including legal and / or disciplinary action.
- 1.6 The Combined Authority is committed to creating and maintaining an anti-fraud and corruption culture and this includes establishing arrangements which enable officers, or other persons, to express concerns and suspicions without fear of repercussions or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously.

- 1.7 The Combined Authority is committed to working constructively with the police and other relevant agencies in relation to combating fraud or corruption within the Combined Authority or within the wider community.
- 1.8 The Combined Authority will seek to ensure that its stance on anti-fraud and corruption is widely publicised. All officers and Members of the Combined Authority will be made aware of this policy statement.

## **2. Introduction**

- 2.1 The Combined Authority is committed to the highest standards of probity and accountability to safeguard public funds. It will not tolerate dishonesty on the part of Members, officers or others involved with the Combined Authority. It expects that Members and officers at all levels will act in a manner that ensures adherence to statutory requirements and to the rules and procedures of the Combined Authority.
- 2.2 The Anti-Fraud and Corruption Policy applies to all Members and officers of the Authority. It also applies as far as it can to any persons, companies or organisations in relation to their dealings with the Combined Authority including partnership arrangements and developments involving 'arm's length' companies or organisations, contractors, consultants, suppliers and claimants.
- 2.3 The Combined Authority's primary objective, through the Anti-Fraud and Corruption Policy, is to ensure that fraud and corruption does not occur within the Combined Authority and if it does occur that it is detected and dealt with appropriately and effectively.
- 2.4 These procedures are intended to advise all Members and officers of obligations and rights within this policy and to assist senior officers 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 financial loss is incurred or not. For the purposes of these procedures' fraud may include but is not limited to:
  - the intentional distorting of statements or other records by persons internal or external to the Combined Authority which is carried out to conceal the misappropriation of assets, evasion of liabilities or otherwise for gain;
  - unauthorised use of the Combined Authority's property; or



- theft of monies or other property of the Combined Authority by persons internal to the Combined Authority.
- 3.2 The theft of the Combined Authority's property carried out by persons external to the Combined Authority 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 directly to Internal Audit and the 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 several ways including:
- fraud perpetrated against the Combined Authority by members of the public or other third parties.
  - fraud perpetrated against the Combined Authority by Members or officers of the Combined Authority.
  - fraud perpetrated jointly by members of the public or other third parties in collusion with officers or Members of the Combined Authority.
- 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 incorrect amounts, unauthorised writing off of debts.
  - payroll – falsification of records (time sheets, overtime claims); creation of fictitious officers.
  - 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.
  - false, fictitious, or contrived claims.
  - The unauthorised setting up or amendment of claims by officers (including payments to self, family, friends etc.).
  - Officers 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.
- Misuse of English National Concessionary Travel Scheme (ENCTS) passes.

### **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 Bribery Act 2010.
- 3.7 The Bribery Act 2010 creates four new criminal offences:
- a general offence covering offering, promising, or giving a bribe.
  - a general offence covering requesting, agreeing to receive or accepting a bribe.
  - a separate offence of bribing a foreign official to obtain or retain business.
  - a strict liability offence for commercial organisations where they fail to prevent bribery by those acting on their behalf.
- 3.8 The Act includes severe penalties for offences. Individuals can receive unlimited fines and up to a ten-year custodial sentence; organisations can receive unlimited fines. Senior officers can also be convicted of an offence where they are deemed to have given their consent or participated in the giving or receiving of a bribe or bribing a foreign public official. These offences could involve Members or officers of the Combined Authority, members of the public or other third parties.
- 3.9 Areas which may be most at risk in respect of corruption include but are not exclusively related to the following:
- tendering and the award of contracts.
  - settlement of contractors' claims for loss and expense, compensation, additional payments, or work not done or substandard.
  - award of permissions, consents, licenses.
  - lettings and disposals of assets.

## **4. Anti-Fraud Culture and Key Principles**

- 4.1 The Combined Authority aims to ensure that Members and officers 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. Members and officers 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 local authorities and, amongst other things, sets out the framework that ensures that local authorities adopt effective control and governance arrangements. Within this framework, the Combined Authority 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 the Combined Authority of which this policy forms a part.
- 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. Should failure to a system or control be identified please report this to Internal Audit for consideration. An email can be sent to [internalaudit@wmca.org.uk](mailto:internalaudit@wmca.org.uk).
- 4.4 These control arrangements need to apply within an overall culture, within the Combined Authority, which positively promotes the highest standards of probity and which makes it absolutely clear that the Combined Authority will not tolerate dishonesty on the part of any of the officers or Members of the Combined Authority or any persons or organisations involved in any way with the Combined Authority.
- 4.5 Where the Members or officers are involved, or where any person acts on or as an agent of the Combined Authority, or where initiatives or schemes involve funding through the Combined Authority, the principles outlined in the Anti-Fraud and Corruption Policy and Procedures must be applied.

## **5. Roles and Responsibilities**

### **Members**

- 5.1 All Members have a duty to act to prevent fraud and corruption. Every 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 sets out, and addresses standards and expectations.

### **Audit Committee/Standards Committee**

- 5.2 The Audit, Risk and Assurance Committee (ARAC) will regularly review the Anti-Fraud and Corruption Policy and will ensure that any matters arising from the implementation of the policy are properly investigated. Internal Audit will report to the ARAC on significant matters arising from investigations of fraud and corruption.

### **The Treasurer**



- 5.3 The Treasurer is responsible for ensuring that suspected financial irregularity is reported and investigated. The Treasurer is responsible for deciding what investigation action is to be taken and ensuring it is completed.

### **Monitoring Officer**

- 5.4 Any concerns related to Members' compliance with the Code of Conduct will be addressed by the Monitoring Officer. The Monitoring Officer may ask Internal Audit or others to carry out the investigation work.

### **Internal Audit**

- 5.5 Internal Audit acts on behalf of the Combined Authority in relation to the investigation of reports of financial or other irregularity and can offer advice and support to managers during this process.
- 5.6 Internal Audit also provides advice on appropriate controls to help prevent and detect fraud and corruption and will work with Chief Officers to provide assurance that controls are working as intended and to improve internal control where necessary.

### **Management**

- 5.7 Chief Officers have a specific responsibility to publicise the Anti-Fraud and Corruption policy to all officers and to ensure that they are aware of their responsibilities as outlined in this policy and of sanctions that can be levied.
- 5.8 Managers are responsible for actively dealing with suspected cases of fraud in a reasonable timeframe.
- 5.9 Responsibility for maintaining effective systems, procedures and controls to prevent fraud and corruption rests with Chief Officers and their managers responsible for relevant systems or particular areas of service.
- 5.10 Management may consider the use of external consultants to investigate reports of financial or other irregularity in exceptional circumstances. Liaison with Internal Audit is required to ensure that support is offered during this process and that the Authorities Internal Audit is aware of any fraud/corruption or control failures.

### **Officers**

- 5.11 All officers 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. Officers should report matters of concern as soon as possible. Reports raised in good faith will be treated in a confidential manner and investigated.

- 5.12 The Officers' Code of Conduct addresses the Combined Authority's standards and expectations of personal conduct. Breaches of conduct will be addressed through disciplinary procedures. Officers must make sure that they read and understand the rules and regulations that apply to them, and act in accordance with them.

## **6. Reporting Irregularities**

### **Members**

- 6.1 Where Members wish to report alleged irregularities, the normal reporting route should be through the Head of Paid Service or the Treasurer.
- 6.2 The Head of Paid Service and Monitoring Officer must be informed where alleged irregularities involve Members. If allegations involve a breach of the Code of Conduct this will be referred to the Standards Committee where appropriate action will be taken.

### **Officers**

- 6.3 As indications of suspected irregularities could arise in many ways, it is possible that any officer of the Combined Authority's could be the first to be alerted to a potential situation involving fraud or corruption.
- 6.4 Any officer, becoming aware of a potential financial irregularity must, under normal circumstances, report the situation to his/her line manager as soon as possible. The manager in turn should also report through the management structure and to Internal Audit as soon as possible.
- 6.5 At the appropriate management level, which is normally Chief Officer, the situation must be reported to Internal Audit which will then inform the Treasurer to agree a course of action.
- 6.6 Internal Audit 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 Internal Audit, whether the Police should be referred to immediately or whether the Combined Authority should conduct its own investigation.
- 6.7 Where an allegation or suspicion of fraud concerns an officer of the Combined Authority and is considered sufficiently serious to be investigated, then an Investigating Officer will be appointed. As appropriate and agreed, Internal Audit will investigate fraud involving accounting and other records, evaluate systems and internal control and collate evidence providing an opinion on allegations made. The Investigating Officer will have overall responsibility in taking the investigation forward with the investigation outcome reported to the Treasurer, where system weaknesses and control issues are identified. The investigation officer will provide a report and make recommendations for management to take





forward. Disciplinary actions arising from fraud or corruption would be managements responsibility.

- 6.8 The Authority will consider the full range of sanctions, disciplinary, regulatory, civil and criminal which will be applied as appropriate to each case. Where allegations are identified to have been made maliciously, appropriate action will be taken.

### **Reporting Directly to Internal Audit or the Statutory Officers of the Combined Authority**

- 6.9 If an officer feels it would not be appropriate to report alleged or suspected irregularities through the normal line management structure, then the officer should report to a Statutory Officer of the Combined Authority. If the officer feels uncomfortable with this approach they can report directly to Internal Audit.
- 6.10 In certain circumstances it would be appropriate for an officer to report directly to Internal Audit anyway. For example, if there were reasons to believe that any subsequent investigation might be compromised if the situation were to be reported through managers. The most likely reasons for reporting direct to Internal Audit would include where line managers are implicated in the alleged irregularity and the officer was not sure who it is safe to report to within the team, or there are reasons to believe that the situation might be suppressed or covered up by senior managers.
- 6.11 The Combined Authority encourages people not to make anonymous reports so that a full and thorough investigation can be conducted. However, it is recognised that in some circumstances officers may wish to remain anonymous. In this instance there is the facility to report alleged or suspected irregularities via the WMCA website 'Contact Us' page: <https://www.wmca.org.uk/contact-us/>, by leaving the name fields blank. Ensure that Whistleblowing and Fraud has been selected as the subject. Alternatively, an email can be sent to [internalaudit@wmca.org.uk](mailto:internalaudit@wmca.org.uk).

### **Alternative Contact Points**

- 6.12 The Combined Authority provides the reporting lines above to ensure that Members and officers 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 the Combined Authority to other contact points. The process for this is described in more detail in the [Whistleblowing Policy \(wmca.org.uk\)](#)

## **7. Monitoring**

- 7.1 The Treasurer is responsible for monitoring the effectiveness of the procedures for investigation of irregularities and for amending the procedures as necessary. Internal Audit will review the effectiveness of the internal control environment and



reports will be made to the ARAC where appropriate on the number, type, and outcome of the investigation as appropriate.

## **8. Sharing Information**

- 8.1 The Authority is committed to working and co-operating with other organisations to prevent organised fraud and corruption. They support the National Fraud Initiative and, wherever possible, the Combined Authority will be prepared to help and exchange information with other authorities and organisations to counter fraud. This information will be shared in accordance with the principles of the Data Protection Act 1998.