

# The Upper & Lower Medway Internal Drainage Boards

## Anti-Fraud and Corruption Policy

### 1. Introduction

One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those working in the public sector are aware of the risk of wrong doing and the means of enforcing the rules against it. Your behaviour and actions must be governed by the principles set out in this Policy. It is your responsibility to ensure that you are familiar with, and comply with, all the relevant provisions of the Code.

The aim of this document is to set out the Board's policy and response plan for suspected or detected irregularities.

### FORWARD

The Board Members and staff of the Lower and Upper Medway Drainage Board are expected to work to the highest personal and professional standards. In support of this, members and staff must abide by the principles set out in this Code of Conduct. The Code sets out, clearly and openly, the standards expected and should form part of individual members and staff terms and conditions of appointment. It also makes clear that harassing, bullying or other inappropriate or discriminatory behaviour is not consistent with what is expected of a board member or employee of UK public bodies and will not be tolerated. Any breach of the Code should be viewed as a breach of the terms of appointment. The principles set out in this code apply to all. The Code complements a public body's governing documents (legislation, memorandum and articles of association, royal charter) and any administrative documents (framework agreements, memoranda of understanding) which may set out the responsibilities and obligations of its board members and staff. The Code's provisions must be observed alongside the provisions set out in these documents. This Code replaces the previous Code of Conduct. In the first instance any propriety and ethics issues should be raised with the Clerk of Works or the Chairman of Joint Services Committee and the internal auditor.

### 2. Policy

The Boards are committed to a culture of honesty, openness and fairness. It is therefore also committed to the elimination of any fraud and corruption and to the rigorous investigation of any such cases and the punishment of those involved.

- **SELFLESSNESS:** You should take decisions solely in terms of the public interest. You should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- **INTEGRITY:** You should not place yourself under any financial or other obligation to outside individuals or organisations that might, or might be perceived to, influence you in the performance of your official duties.
- **OBJECTIVITY:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, you should make choices on merit

- **ACCOUNTABILITY:** You are accountable for your decisions and actions to the public and must submit yourself to whatever scrutiny is appropriate to your office.
- **OPENNESS:** You should be as open as possible about all the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.
- **HONESTY:** You have a duty to declare any private interests relating to your public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **PERSONAL JUDGEMENT:** You may take account of the views of others, including their political groups, but should reach your own conclusions on the issues before you and act in accordance with those conclusions.
- **RESPECT OF OTHERS:** You should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. You should respect the impartiality and integrity of the Internal Drainage Board's statutory officers, and its other employees.
- **DUTY TO UPHOLD THE LAW:** You should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in you; and
- **LEADERSHIP:** You should promote and support these principles by leadership and example.
  - The Boards actively encourages anyone having reasonable suspicion of irregularities to report them. It is also the policy of the Board that no employee should suffer as a result of reporting reasonably held suspicions.
  - The Boards will always seek to recover fully all losses from those responsible in proven cases of fraud or corruption including all costs incurred in the pursuit of action against them.

### 3. Definitions

3.1 There is no offence in law of Fraud, but the term encompasses criminal offences involving the use of deception to obtain some benefit or to be to the detriment of some person or organisation.

3.2 Corruption, in its broadest sense, involves the taking of decisions for inappropriate reasons - e.g., awarding a contract to a friend, appointing employees for personal reasons, or the giving or accepting of gifts as an inducement to take some course of action on behalf of the organisation.

3.3 The Audit Commission defines **Fraud** as – “the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.

3.4 **Corruption** is defined by the Commission as – “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

#### 4. Discovery of Financial irregularities

4.1 Financial irregularities can come to light in a number of ways. They are usually discovered as a result of: -

- Manual & Craft employees or Office Staff becoming aware of or suspecting that management controls are not being complied with
- Routine work, or Audit testing
- Information (tip-off) from a third party, internal or external to the organisation

4.2 Any allegation, but particularly an anonymous one, should be treated with caution and discretion, because what appears to be suspicious circumstances may have a reasonable explanation. There is also a risk that some reports may be malicious.

4.3 Under no circumstances should information about any suspected irregularity, be passed to a third party or to the media without the **express authority** of the Clerk of Works, Joint Services Chairman and or Internal Auditor.

#### 5. Responsibility of employees

5.1 Employees who are aware of, or suspect that a financial irregularity is taking place, or has taken place, have a duty to report their suspicions, since by doing nothing they may be implicating themselves. Employees who may feel uncomfortable referring suspicions to line managers are encouraged to contact a senior Board Member or the Internal Auditor. If these reporting lines are unacceptable to an employee, an alternative is available in the Boards' "Whistle Blowing Procedure".

5.2 If an employee suspects that a financial irregularity of any type has occurred or is in progress, they should immediately inform their line manager. The only exception to this rule is where the employee suspects that the *line manager* might be involved in the irregularity. In that event, the employee should advise the Clerk of Works, Joint Services Chairman, and Internal Auditor

5.3 Employees must not attempt to investigate suspected irregularities themselves or discuss their suspicions other than with more senior managers in accordance with the guidance above.

5.4 Examples of the types of financial irregularity that might be suspected are: -

- Theft or abuse of Board property or funds
- Deception or falsification of records (e.g. fraudulent time or expense claims)

#### 6. Responsibility of Board Members, Clerk of Works and managers

6.1 It is Management's responsibility to maintain system controls to ensure that the Boards' resources are properly applied in the manner, on the activities, and within the limits approved. This includes responsibility for the prevention and detection of fraud and other irregularities.

6.2 Where a manager receives a report from an employee or other party of a suspected financial irregularity, they should immediately inform the Clerk of Works, Joint Services Chairman and who in turn will notify the duly appointed Internal Auditor.

6.3 Line Managers should not themselves attempt to undertake any detailed investigation of the possible irregularity and should not discuss their suspicions or those reported to them, other than with the Clerk of Works and the Internal Auditor.

6.4 In cases of suspected irregularities, it is often necessary to suspend a suspect from duty. Before an employee is suspended, advice should be sought from the Clerk of Works. The purpose of suspension is to prevent any suggestion of a suspect having the opportunity to continue with the act complained of, falsify, or destroy records, influence witnesses, etc. Suspension is not a punishment, nor does it imply any fault or guilt on the part of the employee concerned.

## **7. Response plan**

7.1 Upon receiving a report of suspected financial irregularity, the Internal Auditor will launch an investigation and a record will be made in the Board's Fraud Log. The Log will record all reported suspicions including those dismissed as unsubstantiated, minor or otherwise not investigated. It will also contain details of actions taken and conclusions reached. Significant matters will be reported to the appropriate Board / s and the Chairman will be updated on the situation.

7.2 The Internal Auditor will confer with the Clerk of Works to agree the action plan to be adopted in the light of the particular circumstances.

7.3 The Internal Auditor will notify the External Auditor of all frauds suspected of being over £10,000 or those considered by the Boards to be significant (the External Auditor is the Auditor that is appointed by the Audit Commission).

7.4 When a prima facie case of fraud or corruption has been established, the following procedure will apply regarding referral to the Police: -

### **7.4.1 Minor cases misappropriation of cash, etc.**

- In minor cases of suspected fraud and/or cash misappropriation by employees, as soon as reasonable evidence has been acquired and speedy action is considered imperative in order to prove fraud, the Internal Auditor may call in the Police without reference to other officers. They will however advise the Clerk of Works as soon as practicable afterwards.

### **7.4.2 Major and more complex frauds:**

- The Internal Auditor will discuss the case with the Clerk of Works, and consultation with the Police will normally be approved.
- Depending upon Police advice, the case will be reviewed by the above officers who will decide if it should be referred officially to the Police for investigation. If it is decided to do so the Clerk of Works will authorise the official complaint and notify the appropriate Chairman of the Board's.
- Following the official report to the Police, any further investigations by the Internal Auditor that are considered necessary, will be planned and executed in close cooperation with the Police, with the Clerk of Works and appropriate Chairman of the Board being kept informed.
- Information must only be passed on to Board Members with written approval from the Internal Auditor, External Auditor, Police, and Clerk of Works.

- The circumstances of the particular case will dictate when the Police and external auditors are informed, but it is recommended that the Police should be informed when:
  - There is evidence of an irregularity which needs to be confirmed by witness interview if criminal prosecution is contemplated.
  - Interview of the suspect is desirable to confirm the evidence of records.
  - A prima facie case of fraud has been established but the perpetrator could not be identified.

## **8. Involving the police**

8.1 Internal / External Auditors and Clerk of Works may be reluctant to involve the Police in the belief that:

- They are only interested if the alleged criminal offence is greater than a specific monetary value.
- They will not be interested because of the potential complexity of the issues involved which render little chance of a successful prosecution.
- The organisation prefers to deal with such incidents internally, avoiding publicity but implementing dismissal and recovery through civil action.
- The Police will want evidence before they pursue investigations, but when it is provided they advise that the rules of evidence have not been complied with.

8.2 Protracted internal investigations often unnecessarily delay involving the Police, thereby diminishing the value of co-operation with them. However, properly organised investigations, conducted by individuals with an inside working knowledge of the organisation, will be of great assistance to any subsequent Police enquiry, and management should therefore not be discouraged from liaising with the Police as soon as the issues are identified.

8.3 Social media is a public forum and the same considerations, including the provisions of this Policy, apply as would to speaking in public or writing something for publication, either officially or in a personal capacity. When engaging with social media you should at all times respect confidentiality, financial, legal and personal information.

8.4 Where any personal social media accounts used by you make reference or link to your public role, you should take care to ensure that it is clear in what capacity you are acting.

Oliver Pantrey

Clerk of Works

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