

## report

meeting	<b>NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE &amp; RESCUE AUTHORITY</b>		
date	<b>9 September 2005</b>	agenda item number	<b>14</b>

## REPORT OF THE CHAIR OF STANDARDS COMMITTEE

### ANTI-FRAUD POLICY

#### 1. PURPOSE OF REPORT

The purpose of this report is to present to Members a proposed Anti-Fraud Policy.

#### 2. BACKGROUND

It is considered good practice to have in place an Anti-Fraud Policy and procedure that is known by all personnel associated with an organisation such as Nottinghamshire Fire & Rescue Service.

#### 3. REPORT

3.1 The most effective deterrent against fraud is an organisation that maintains an open, honest and well-intentioned working environment, combined with a commitment to vigorous investigation of any cases.

3.2 To support this principle it is also essential to have a laid down policy that all staff understand, which sets out the organisation's commitment to dealing with allegations of irregularities, fraud and corruption. The policy should also set out its commitment to protecting and supporting staff who make such allegations in good faith.

3.3 To ensure that Nottinghamshire Fire & Rescue Service is resilient in its response to such allegations, an Anti-Fraud Policy has been produced so that the organisation is well placed to respond to any allegations that may be made.

3.4 The policy also strives to give Members of the Fire and Rescue Authority confidence that the organisation will not tolerate any incidents of fraud and will respond appropriately when allegations are made.

3.5 Following its earlier presentation the policy was referred to the Standards Committee for a more detailed examination. It is now re-submitted to Fire Authority for formal adoption.

#### 4. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report, although the report does relate to potential abuses of the organisation's financial management.

## **5. PERSONNEL IMPLICATIONS**

The policy will apply to all personnel associated and employed within the Nottinghamshire and City of Nottingham Fire and Rescue Authority.

## **6. EQUALITY IMPACT ASSESSMENT**

This policy applies on an equal basis to all personnel associated and employed by Nottinghamshire and City of Nottingham Fire & Rescue Authority.

## **7. RISK MANAGEMENT IMPLICATIONS**

7.1 Failure to have a laid down Anti-Fraud Policy could leave Nottinghamshire Fire & Rescue Service vulnerable in terms of how it would respond to allegations and concerns about suspected fraud.

7.2 The Anti-Fraud Policy will strengthen the organisation's policies in relation to whistle blowing, gifts and hospitality, procurement and data protection.

## **8. RECOMMENDATIONS**

8.1 That Members approve the draft Anti-Fraud Policy.

8.2 That the policy forms an Appendix, for Members' reference, within the Nottinghamshire and City of Nottingham Fire & Rescue Authority Members' Handbook.

## **9. BACKGROUND PAPERS FOR INSPECTION**

- The Nolan Committee Report 1994 ;
- The Regulation of Investigatory Powers Act (RIPA) ;
- The Local Government Act 2000 ;
- The Police and Criminal Evidence Act ;
- The Human Rights Act ;
- The Nottinghamshire and City of Nottingham Fire & Rescue Authority members' Handbook ;
- The Nottinghamshire and City of Nottingham Fire & Rescue Authority Financial Regulations.

Councillor Penny Griggs  
**CHAIR OF STANDARDS COMMITTEE**

# NOTTINGHAMSHIRE FIRE & RESCUE SERVICE



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## ANTI-FRAUD POLICY

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December 2004

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## **4. REVIEW**

## 1. INTRODUCTION

- 1.1 The Nottinghamshire & City of Nottingham Fire & Rescue Authority are committed to a culture of openness and honesty to ensure that the opportunity for fraud and corruption is reduced to the lowest possible risk. If fraud or corruption occurs the organisation will deal with it in a firm and controlled manner.
- 1.2 Nottinghamshire Fire & Rescue Service expects all staff, consultants, contractors and Service users to be fair and honest in their dealings with the organisation and provide any help, information and support needed to deal with fraud and corruption.
- 1.3 Nottinghamshire Fire & Rescue Service has in place a variety of checks and controls that are designed to reduce the likelihood of fraud occurring and will review these procedures on a regular basis, especially if any problems come to light.
- 1.4 All line managers have a duty to familiarise themselves with the types of impropriety that may occur within their areas of responsibility and to be alert for any indications of irregularity. They must also ensure that adequate internal controls exist and that controls operate effectively.

## 2. DEFINITIONS

- 2.1 This policy sets out Nottinghamshire Fire & Rescue Service's commitment to dealing with allegations of irregularities, fraud and corruption. The following definitions are relevant to this policy.

### 2.2 Irregularity

An irregularity is a departure from the principles and procedures, or the designated system in use, that results in improper payment or claim for payment or receipt of income. Such an irregularity may arise from a well-intentioned attempt to speed up a process, by accident, through lack of knowledge or due diligence, or by intent or gross negligence.

- 2.3 An irregularity arising by intent or gross negligence that is not of a financial benefit to the individual constitutes misconduct or gross misconduct.
- 2.4 An irregularity arising by intent or gross negligence that is of a financial benefit to the individual responsible justifies a suspicion of fraud.

### 2.5 Fraud

Although there is no precise legal definition of fraud, the term is used to describe a range of offences including deception, forgery, theft, misappropriation, collusion and false representation of material facts.

2.6 Fraud comprises both the use of deception to obtain a pecuniary advantage and the intentional distortion of financial records in order to conceal or facilitate misappropriation.

2.7 There is no criminal offence of fraud. The criminal act is the attempt to obtain pecuniary advantage by deception, which may also involve the offence of conspiracy. It is important to note that fraud may arise as a result of falsifying records or misusing equipment as well as misappropriating money.

2.8 Corruption

Corruption is where an inducement or reward is offered, given, solicited or accepted in order to influence the action of any person.

2.9 It arises when a person receives any benefit that influences their actions when conducting business.

### **3. The Policy**

3.1 Authority of the Policy

This policy represents the position held by Nottinghamshire and City of Nottingham Fire & Rescue Authority in respect of the confidential reporting of incidence of irregularities, fraud and corruption, that may amount to a breach of the law. The Head of Finance & Resources acting for the Section 151 Officer, will assume responsibility for its implementation and monitoring.

3.2 Scope of the Policy

This policy sets out the organisation's commitment to dealing with allegations of irregularities, fraud and corruption.

It sets out the Authority's commitment to protecting and supporting staff who make any such allegations in good faith.

It lays out examples of when and how fraud may occur and details the fraud response procedure in respect of allegations made.

The policy also details other relevant policies and procedures that personnel may refer to when considering such allegations.

3.3 Suspicion of Fraud

All staff are encouraged to inform their line manager (or another designated manager) if they suspect a case of fraud.

All information will be dealt with fairly and confidentially. The organisation will do everything possible to protect the member of the Service's identity and will not disclose it without their consent. However, the investigation may reveal the source of the information and a statement by the member of staff may be required as part of the evidence.

Allegations submitted anonymously will be considered but it will be much more difficult for the Investigating Officer to look into the matter and resolve the problem. Staff are therefore encouraged to put their name to allegations and assist the Investigating Officer as much as they can. Staff giving information anonymously cannot be protected under the Public Interest Disclosure Act 1998.

The Nottinghamshire Fire & Rescue Service will not tolerate the harassment and victimisation of anyone who raises a genuine concern and will deal with any such occurrences under the harassment and bullying procedure. If, however, an individual makes a malicious or vexatious allegation, action may be considered against that individual under the Service's disciplinary procedure.

The Nottinghamshire Fire & Rescue Service is committed to working and co-operating with other organisations to prevent systematic fraud and corruption. Where relevant and permissible information will be exchanged with other organisations without compromising confidentiality.

Nottinghamshire Fire & Rescue Service recognises that to ensure this strategy is effective, staff are required to be trained in the appropriate anti-fraud and anti-corruption procedures and that training will need to be reinforced regularly.

#### 3.4 Fraud Response Procedure

The fraud response procedure sets out the ways in which staff or members of the public can voice their concerns about suspected fraud or corruption and outlines how the organisation will deal with such allegations.

The fraud response procedure is intended to supplement and strengthen the organisation's policies and procedures in relation to procurement, gifts, hospitality and Data Protection. The provisions of the policy and procedure on harassment and bullying will apply if any member of staff who makes an allegation of fraud is subsequently harassed or victimised.

The following section sets out ways for staff and members of the public to voice their concerns.

#### 3.5 Raising Concerns

Staff are often the first to realise that there is something seriously wrong, however, they may not express their concerns because they feel that speaking up will be disloyal to their colleagues or the organisation, or because they fear harassment or victimisation.

The Nottinghamshire Fire & Rescue Service Whistleblowing Policy is intended to encourage and enable staff to raise serious problems within the organisation rather than overlooking them or going directly to the media or an external organisation. Staff should follow the guidance in the Whistleblowing Policy. Requests for confidentiality from staff who raise concerns will be respected as far as possible, however, to gain the protection given to

whistleblowers under the Public Interest Disclosure Act 1998, the member of staff must disclose their identity.

The Head of Finance & Resources will act as the initial contact point for staff and the public should they wish to discuss suspicions of fraud. Members of the public who suspect fraud or corruption should be encouraged to contact the Head of Finance & Resources either in writing, by telephone or by making an appointment to meet with them. Members of the public are not covered by the Public Interest Disclosure Act 1998.

If a manager receives information from a member of staff, they should:-

Deal with the member of staff giving the information in a way that shows that their concerns are being taken seriously.

Ensure that they do not belittle or dismiss the information.

Emphasise what the member of staff should not do (see below).

Respect, as far as possible, the confidentiality of the member of staff.

Attempt to identify where any evidence may be, but do not attempt to obtain it or to question anybody.

Follow the approved procedure for the passing of information to the Head of Finance & Resources.

If a member of staff suspects fraud it is important that they:-

Do not approach the person, people or organisation suspected, but relay their suspicions to the Head of Finance & Resources.

Do not attempt to collect evidence or question anybody. If they have documents, etc which they think are relevant, they should secure them safely.

Make a note of the time, date and the details of anything they see or hear that they think are relevant.

Do not attempt to investigate.

Seek advice in confidence from an appropriate line manager if they are unsure about what has been seen or heard.

### 3.6 Investigations

Although the responsibility for investigating fraud and corruption rests with the Section 151 Officer, the principle contact in all such cases will be the Head of Finance & Resources. The Head of Finance & Resources will then consult with the Head of Section 151 Officer and will inform the Authority of all investigations in progress and keep them informed of developments.



Any line manager who receives any information regarding allegations of fraud will bring it to the attention of the Head of Finance & Resources who, in conjunction with the Section 151 Officer, will decide on the type and course of the investigation.

Action taken will depend upon the nature of the concern. Every effort will be made to try and establish at an early stage whether it appears that a criminal act has taken place, as this will determine the likely cause of further action.

Within ten working days, the Head of Finance & Resources will write to the complainant acknowledging the complaint and indicating whether an investigation is to take place. The letter will try to give an estimate of how long it will take to give a final response.

If it appears early on in any investigation that a criminal act has taken place, the Head of Finance & Resources will contact the Police. Full records of the complaint and all associated actions will be kept, as well as the investigation outcomes.

The manner in which investigations will be carried out is either:-

#### Internally

As laid out in the Grievance and Disciplinary Procedures, as incorporated in the 6<sup>th</sup> Edition of the Scheme of Conditions of Service for uniformed employees.

As laid out in the Conditions of Service for non-uniformed personnel.

#### Externally

By the Police.

By the appointed Auditors.

In the event that there are any allegations made against Members of the Fire Authority, these will be reported to the Clerk to the Authority, and investigated by the Chief Fire Officer, the Treasurer to the Authority, the Clerk and either the Chair or Vice Chair of the Authority.

Nottinghamshire Fire & Rescue Service recognises that people who report instances of fraud and corruption need to be assured that the matter has been properly addressed. Subject to any legal constraints, the designated manager will provide information about the outcomes of any investigation to the complainant at the conclusion of the investigation.

There is a need to ensure that the investigation process is not abused. Any abuse, such as raising unfounded malicious allegations may be dealt with under the appropriate disciplinary procedures.

### 3.7 Key Features

A fraud may be considered to have occurred if:-

A system, including a computer system, exists that is prone to abuse by either the staff or public.

Individuals or companies have frequently obtained money from their organisation.

The organisation's physical assets, for example vehicles or equipment are taken for personal use or stolen.

There is misuse of other resources such as staff time, (eg flexible time sheet abuse).

Activities undertaken by staff are unlawful or fall below established standards or practices (eg abuse of internet access).

### 3.8 Other Relevant Policies

- § Whistleblowing Policy
- § Gifts and Hospitality Policy
- § Disciplinary Procedures
- § Conditions of Service
- § Nottinghamshire and City of Nottingham Fire & Rescue Authority Members' Handbook.
- § Code of Conduct in the Personnel Handbook
- § Other internal policies and procedures

### 3.9 Specific Fire Authority Information

Members of the Nottinghamshire and City of Nottingham Fire & Rescue Authority are required to operate within:-

- ◆ United Kingdom (UK) and European Community (EU) Legislation
- ◆ National Code of Local Government Conduct
- ◆ The Nottinghamshire and City of Nottingham Fire & Rescue Authority Standing Orders
- ◆ Members' Code of Practice
- ◆ Nottinghamshire and City of Nottingham Fire & Rescue Authority Financial Regulations

Members of the Fire & Rescue Authority are required to keep their constituent authorities up to date on information concerning their direct or indirect pecuniary interests.

The Fire & Rescue Authority Treasurer has a statutory duty under Section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Authority's financial affairs. As part

of this duty the Treasurer will exercise a quality control on the Authority's main financial systems and sub-systems. Management are responsible for ensuring that the controls within systems are properly maintained.

#### **4. REVIEW**

- 4.1 This policy will be reviewed on an annual basis and on specific occasions whereby amendments to policies and procedures as a result of legislative and regulations amendments have taken place.