

# Anti-Fraud and Corruption Policy



A group of four independent statutory Land Drainage, water levels and Flood Risk Management Authorities working collectively under a partnership agreement in accordance with section 11(5) of the Land Drainage Act (1991).

*Four Independent Boards:*

- *Witham First District Internal Drainage Board*
- *Witham Third District Internal Drainage Board*
- *Upper Witham Internal Drainage Board*
- *North East Lindsey Internal Drainage Board*

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**Policy Owner:** Director of Finance and Governance (RFO)

**Author supporting review:** Risk Manager

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## 1.0 - Introduction

One of the basic principles of governance in 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.

Each of the (4) Boards is committed to a culture of honesty, transparency and fairness. The Boards are therefore committed to the elimination of any fraud and corruption, to the rigorous investigation of any such cases and the punishment of those involved.

The Nolan Committee set out the seven guiding principles of public life in 1995. These and the principles and requirements set out in the Bribery Act 2010 will be upheld.

Each Board actively encourages anyone having reasonable suspicion of irregularities to report them. It is also the policy of the Boards that no employee should suffer as a result of reporting reasonably held suspicions.

The Board 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 those individuals.

This policy applies to all individuals employed by the Boards, at whatever seniority or grade as well as to Board members, advisors, contractors, consultants, volunteers, trainees/students, those on placements with the Boards or any other person associated with the Boards.

### 1.1 – Aim of the Policy:

The aim of this document is to set out a policy and response plan for the 4 Boards to be alert to and to respond appropriately to suspected or detected financial irregularities, fraud and corruption.

### 1.2 – Equality, Diversity and Inclusion:

This Policy is written to meet the requirements of the Legislation within England.

It does not discriminate against persons based on age, disability, family status, gender reassignment, race, religion or belief, sex or sexual orientation, as defined as protected characteristics within the Equalities Act 2010. It is applied to meet the laws within England at the time of writing.

## 2.0 – Anti-Fraud and Corruption Policy

### 2.1 – Definitions

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. Fraud can be defined 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".

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. Corruption can be defined as: "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person".

This policy is also underpinned by other policies and documents including:

- Financial Regulations.
- Association of Drainage Authorities' Lincolnshire Branch's Wages & Salaries and Conditions of Service handbook (the White Book).
- Whistleblowing policy.
- Any other codes of conduct or protocols adopted by the Board.

### 2.2 – Discovery of Financial Irregularities

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

- Employees 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.

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

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 Chief Executive or Internal Auditor.

### 2.3 – Examples of types of financial irregularities

This may include suspicion of:

- Theft or abuse of a Board's assets, property or funds.

- Deception / falsification of records (e.g., fraudulent time recording, or expense claims).

## 2.4 – Internal and External Audit

### 2.4.1 – Internal audit

The Accounts and Audit Regulations require the 4 Boards to maintain an adequate and effective system of internal audit. In order to perform this duty effectively, the Boards have appointed an independent internal auditor. This is currently Lighthouse Consultancy UK Ltd., appointed following a procurement exercise for the 5 financial years 2024/25 to 2028/29.

The adequacy, appropriateness and effectiveness of internal controls is independently monitored by the 4 Boards' internal auditor as part of a programme of work. Any weaknesses identified in internal control are reported to managers, whose duty is to ensure that corrective action is taken. Improvements suggested by the internal auditor may include those to prevent, detect or deter fraud and corruption.

The internal audit function is required to provide assurance that:

- the 4 Boards' internal controls are sound, adequate and appropriately applied.
- the 4 Boards' assets and interests are safeguarded against losses arising from inefficient management, poor value for money, waste, theft, fraud, or any other cause.
- financial and other management data is suitable and reliable.
- rules, regulations, legislation, policy and procedures are being followed.
- risk management action is appropriately applied.

### 2.4.2 – External audit

An independent external audit is an essential safeguard to the stewardship of public money. All external auditors are required to carry out their audits in accordance with the Code of Audit Practice. This Code emphasises management's role in preventing and detecting fraud and corruption. It is the external auditor's role to review each Board's arrangements for meeting this responsibility.

The 4 Boards' external auditor is currently PKF Littlejohn, appointed for 5 years from 01<sup>st</sup> April 2022 (i.e. for financial years 2021/22 to 2026/27). The Boards' external auditors will be notified of all frauds over £1,000, and of any corrupt acts.

## 2.5 – Response Plan

Upon receiving a report of suspected financial irregularity, the Internal Auditor will launch an investigation, and a record will be made in the relevant 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 Board and the Chairman will be updated on the situation.

The Internal Auditor will confer with the Chief Executive to agree the action plan to be adopted in the light of the circumstances.

When a prima facie case of fraud or corruption has been established, the Internal Auditor and Chief Executive will inform the Chairman and consultation with the Police will take place as soon as practicable. Internal investigation should not continue if this might compromise a potential police investigation; staff will not adopt the role of amateur detective.

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 the Police without reference to other Officers. The Internal Auditor will in such circumstances advise the Chief Executive as soon as practicable.

With more major and complex potential frauds, the Internal Auditor will discuss the case with the Chief Executive and/or other senior staff, with a view to involving the Police from an early stage.

Depending upon Police advice, the case will be reviewed by officers and the Board's Chairman who will decide if it should be referred officially to the Police for investigation. If it is decided to do so the Chief Executive will authorise the official report.

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 co-operation with the Police. The Chief Executive and Chairman of the Board will be kept informed.

## 2.6 – Involving the Police

The circumstances of the case will dictate if and when the Police and/or external auditors are informed. After discussion with the Chief Executive (unless it involves this postholder), 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/s is desirable to confirm the evidence of records.
- A prima facie case of fraud has been established but the perpetrator cannot be identified.

Protracted internal investigations often unnecessarily delay involving the Police, thereby diminishing the value of co-operation with them. Therefore, management should liaise with the Police as soon as the issues are identified if they feel Police assistance will be required to resolve the case, including any future prosecutions.

## 2.7 – Awareness and Training

To facilitate awareness, the 4 Boards support the concept of full induction, training and refresher training. This applies particularly to officers involved in internal control systems

and financial and finance-related systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

It is the manager’s responsibility to ensure that staff are adequately trained to carry out their duties. Staff who ignore such training and guidance may face disciplinary investigation and potential disciplinary action.

Officers involved in the review of internal control systems and investigatory work should be properly and regularly trained.

## 2.8 – Protection

Those who refuse to accept the offer of a bribe, or those who raise concerns or report another’s wrongdoing, are sometimes worried about possible repercussions.

The Boards aim to encourage openness and transparency and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

The Boards are committed to ensuring that no individual suffers any detrimental treatment as a result of refusing to take part in any bribery or corruption, or because of reporting something in good faith. If any individual considers that they have suffered such treatment, they must inform either the Internal Auditor or their line manager immediately. If the matter is not remedied, then the individual should raise it formally using the 4 Boards’ Grievance Procedure.

## 2.9 – Contacts

Chief Executive	Jane Froggatt	01522 697123/ 07714 753260	Jane.froggatt@witham3idb.gov.uk
Internal Auditor	Chris Harris	07522 247382	<a href="mailto:Chris.harris@lhcu.com">Chris.harris@lhcu.com</a>

## 3.0 – Anti-fraud and Corruption Policy Statement

All 4 Boards recognise the importance of legal compliance in relation to fraud and corruption.

The Boards requires all members, and employees to follow the NOLAN principles of Public life. [Link to .Gov – NOLAN principles.](#)

The Boards and SMT take seriously allegations of fraud and corruption and will ensure that any such allegations are investigated in full, with those accused being provided with the right to respond.

The Boards achieve this policy by:

- Ensuring that the policy is available to all staff.
- Acting promptly with raised concerns or allegations.
- Working and using supporting policies, such as the whistleblowing policy, to ensure a fair and consistent application of process.
- Working closely with the Internal and External auditors at all times.
- Providing a positive culture within the organisation to encourage openness and transparency and to make clear that any employee with concerns is entitled/should raise them in an open, non-judgemental way and feel confident that their concerns will be taken seriously and investigated appropriately.

## 4.0 - Glossary / Definitions

Word/ term	Definition

## 5.0 – Legislation & other partner organisation documents

- Fraud Act 2006
- The Bribery Act 2010
- The Equalities Act 2010
- Local Policy in line with ADA Lincolnshire Branch White Book of



## 6.0 – Roles and Responsibilities

### 6.1 Arrangements for roles and reporting lines

The arrangements and organisational responsibilities for implementing the policy are detailed in this section.

#### 6.1.1 – Board Members

As elected members or Council appointed representatives, all members of the 4 Boards have a duty to ensure that a Board uses its resources prudently, in accordance with the law and protects resources from loss. Members should therefore ensure they operate and adhere to:

- Members' Code of Conduct
- Standing Orders of the Board
- Financial Regulations
- Legislation
- Any other codes of conduct or protocols adopted by the Board.
- Members are required to declare specific information concerning their financial and other interests in the relevant Board's Register of Members' Interests on election or appointment to office. Members are responsible for ensuring that information in this Register is kept up to date and any changes are notified to the Chief Executive as soon as they occur. The Register is routinely updated at each Board's November Annual Public Meeting.
- Members are required to declare their interests at all meetings, both internal and external, whether they are decision making or not.
- Members are required to declare the offer and acceptance of all gifts and hospitality in a Register maintained by the Chief Executive.
- All members are required to sign an undertaking to abide by a Board's Code of Conduct on election or appointment to office. Members are required by the Code to report any conduct which he/she reasonably believes to be a failure to abide by the Code, in writing, to the Chief Executive.

#### 6.1.2 – Chief Executive Officer (CEO) and Senior Management Team (SMT)

- Comply with this policy and lead by example.
- Cascade this policy and ensure it is available to all staff members.
- Obtain written references prior to appointing staff.
- Ensure the 4 Boards' Fidelity Guarantee insurance requirements are met.
- Maintain system controls to ensure that a Board's resources are properly applied in the manner, on activities and within the limits approved. This includes responsibility for the prevention and detection of fraud and other irregularities.

- Where SMT / Directorate lead receives a report from employee or other of a suspected financial irregularity, they should immediately inform the Chief Executive, who will in turn notify the duly appointed Internal Auditor (either directly or request a SMT colleague to make the report).
- SMT members should not themselves attempt to undertake any detailed investigation of the possible irregularity and should not discuss their suspicion or those reputed to them other than with the Chief Executive and the Internal Auditor.
- In cases of suspected irregularities, it may be necessary to suspend an individual(s) from duty. Before an employee is suspended, advice should be sought from the Chief Executive, to ensure this is the most appropriate cause of action for the alleged offence. Suspension is a neutral act. 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 or influence witnesses etc. Suspension from duty is not a punishment, nor does it imply any fault or guilt on the party of the employee concerned. However, the best practice is to only suspend where no other option is available to reduce the risk involved with suspending employees during investigations. The Associate Director of HR will provide advice as required.

### 6.1.3 – Line Managers / Supervisors / Foremen

- Support the CEO & SMT to cascade the policy, and lead by example.
- Speak to any team members who are not complying with the policy.
- When a manager receives a report, or submission from an employee or other party of a suspected financial irregularity, they should immediately inform their Directorate lead e.g. incorrect mileage and timesheet submission and what / why this is of concern.

### 6.1.4 – All Staff members

- Where they are aware of, or suspect that a financial irregularity is taking place, or has taken place, has a duty to report their suspicions, since by doing nothing, they may be implicating themselves.
- Where there is suspicion that a financial irregularity of any time has occurred, or is in progress, they should immediately inform their line manager. The only exception is if the employee suspects the line manager may be involved in the irregularity.
- Where employees are uncomfortable in referring suspicions to line managers, or believe that the line manager may be involved, they are encouraged to report concerns initially to the Chief Executive, member of SMT or ultimately the Chairman or Vice Chairman or Internal Auditor for the Board. If in doubt, refer to the ‘whistle blowing policy’.
- Must not attempt to investigate suspected irregularities themselves, or discuss their suspicions other than with line manager or a members of SMT. It is not appropriate for any employee to take the role of ‘amateur detective’.
- Must comply with the 4 Boards’ Financial Regulations regarding gifts and hospitality, and the ethics and standards associated with any professional body to which they may belong.

- Must ensure if they are either offered or accept gifts and hospitality, this is recorded in the Register of Gifts & Hospitality. Note this does not include provided lunches or drinks at training events or meetings.

## 7.0 - Document review:

Version	Date	Reviewed by	Changes	Approved by/ date
2.0	July 2021	Director of Finance & Governance (RFO)	Review and update	JSC 2021
3.00	November 2024	Risk Manager, Director of Finance & Governance (RFO) & Chief Executive.	Periodic Review and new template	JSC December 2024

This policy is due for review at 5 yearly intervals, unless a review is required sooner e.g. change to management, Auditors, process or anything which may affect the contents of this policy.

## 8.0 - Supporting documents and forms (Annex)

No additional or supporting documents.