



ANTI-FRAUD AND CORRUPTION POLICY

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| Accountable Officer: | Chief Executive |
| Approved by: | Board - 3rd April 2012 |

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1. INTRODUCTION

1:1 The Trent Valley Internal Drainage Board takes its duty to ensure proper stewardship of public money very seriously. The Board is, therefore, committed to the prevention, detection and investigation of all forms of fraud and corruption, whether these are attempted from within or outside the organisation.

1.2 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

1.3 We will uphold all laws relevant to countering bribery and corruption [in all the jurisdictions in which we operate]. However, we remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

1:4 This document sets out Trent Valley Internal Drainage Board's commitment to the prevention and detection of fraud and corruption. It summarises the responsibilities of members, management and employees and outlines the procedures to be followed where suspicion of financial irregularity is raised.

1.5 Bribery and corruption are punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption we could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation. We therefore take our legal responsibilities very seriously.

1.6 This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries.

1:7 For the purposes of this document, fraud and corruption are defined as follows:-

- Fraud "Fraud encompasses an array of irregularities and illegal acts characterised by intentional deception with intent to make a gain or to cause a loss, or to expose another to a risk of loss. It can be perpetrated for the benefit of or to the detriment of Trent Valley Internal Drainage Board and by persons outside as well as inside the Board."
- Corruption "Corruption is the offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of a member or officer of the Board."
- Bribery: A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

1:8 The anti-fraud and corruption policy consists of a series of procedures designed to deter any attempted fraudulent or corrupt act:-

- Culture - Section 2
- Prevention - Section 3
- Deterrence - Section 4
- Detection and Investigation - Section 5

- Awareness and Training - Section 6

2. THE BOARD'S CULTURE

- 2:1 The Trent Valley Internal Drainage Board is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting a culture of openness and honesty in all the Board's activities.
- 2:2 The Board's members and employees play an important part in creating and maintaining this culture. They are encouraged to voice any serious concerns about any aspect of the Board's work. The Nolan Committee set out the seven guiding principles that apply to people who serve the public.
- 2:3 The Board has adopted a "Whistleblowing Policy" (Appendix A) that allows concerns to be raised in the certainty that they will be properly investigated in a confidential manner. The Board is committed to honouring the policy.
- 2:4 In addition to expecting the highest standards from its staff, there is an expectation and requirement that all individuals and organisations associated with the Board, such as contractors, partners, suppliers and users of the Board's services, will act with integrity. The Board's expectation on propriety and accountability is that members and staff at all levels will lead by example.

3. PREVENTION

Employees

- 3:1 Everyone has a role to play in the prevention of fraud and corruption. The Board expects all its staff to follow its rules, codes and procedures. A range of documents have been issued to reinforce these, including:-
- Code of Conduct for Employees
 - Association of Drainage Authorities Lincolnshire Branch Wages and Salaries and Conditions of Service handbook
 - Financial Regulations
 - Whistleblowing Policy
 - Any other codes of conduct or protocols adopted by the Board
- 3:2 The Board recognises that a key preventive measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Therefore, written references should be obtained prior to appointing staff, including those employed on a temporary or contract basis. This is also a requirement of the Board's Fidelity Guarantee insurance.
- 3:3 Staff are expected to comply with the Board's Code of Conduct for Employees, particularly its provisions regarding the acceptance of gifts and hospitality and where appropriate, the ethics and standards associated with the professional body to which they may belong.
- 3:4 The role that individual staff are expected to play in maintaining the Board's internal control framework must feature in induction programmes and adequate training must be provided.

- 3:5 The attention of management should be alerted where members of staff do not regularly take annual leave, or where through sickness/vacancy levels, recognised checking mechanisms break down. Additionally, external sources of information, such as complaints from customers or other stakeholders could provide an indication of potential problems.
- 3:6 Staff must operate within the terms of the Local Government Act 1972, regarding pecuniary interests in contracts relating to the Board, or for fees and rewards other than proper remuneration. This is particularly important with regard to senior officers and officers involved in the letting of contracts who should ensure that they comply with Office Practice instructions.

Members

- 3:7 As elected representatives, all members of the Board have a duty to the citizens of Lincolnshire, Leicestershire and Nottinghamshire to ensure that the Board uses its resources prudently and in accordance with the law. As such they are required to operate and adhere to amongst others:-
- Government legislation
 - Members' Code of Conduct
 - Standing Orders
 - Financial Regulations
 - Schedule of Matters Reserved to the Board
- 3:8 Members are required to declare specific information concerning their financial and other interests in the 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.
- 3:9 Members are required to declare their interests at all meetings, both internal and external whether decision making or not.
- 3:10 Members are required to declare the receipt of all gifts and hospitality in a Register maintained by the Chief Executive.
- 3:11 All members are required to sign an undertaking to abide by the 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.

Management

- 3:12 Each manager is responsible for the successful implementation of controls designed to prevent and/or detect fraud within their departments.
- 3:13 Managers at all levels are responsible for ensuring that their staff are aware of the financial regulations and office practice instructions and that the requirements of each are being met. They should also ensure that their staff are aware of their responsibility in relation to safeguarding the resources for which they are responsible and for reporting suspected irregularities.
- 3:14 Managers should also strive to create an environment in which their staff feel able to

approach them with any concerns they may have about suspected irregularities.

- 3:15 Special arrangements may apply where employees are responsible for receiving income or are in charge of systems that generate payments. Managers should ensure that adequate and appropriate training is provided for staff and that checks are carried out from time to time to ensure that proper procedures are being followed.

Internal Audit

- 3:16 The Accounts and Audit Regulations require the Board to maintain an adequate and effective system of internal audit. In order to perform this duty effectively, the Board has appointed an independent internal auditor.
- 3:17 The adequacy, appropriateness and effectiveness of internal controls is independently monitored by the Board's 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.
- 3:18 The internal audit function is required to provide, in particular, assurance that:-
- (a) the Board's internal controls are sound, adequate and appropriately applied;
 - (b) the Board's assets and interests are safeguarded against losses arising from inefficient management, poor value for money, waste, theft, fraud, or any other cause;
 - (c) financial and other management data is suitable and reliable;
 - (d) rules, regulations, legislation, policy and procedures are being followed; and
 - (e) risk management action is appropriately applied.

External Audit

- 3:19 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.
- 3:20 This Code emphasises management's role in preventing and detecting fraud and corruption. It is the external auditor's role to review the Board's arrangements for meeting this responsibility. The Board's external auditor is the Audit Commission.
- 3:21 The Board's external auditors are notified of all frauds over £1,000 and of any corrupt acts.

4. DETERRENCE

- 4:1 In all cases where the Board has suffered a financial loss, it will seek to recover the loss and advertise this fact.
- 4:2 All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make employees, and the public aware of the Board's commitment to taking action on fraud and corruption, when it occurs.

5. DETECTION AND INVESTIGATION

Raising Concerns

- 5:1 Concerns about any irregularity, be it financial or otherwise, can be raised in a number of ways. These include:-
- raising the concern with an immediate manager or supervisor;
 - notifying the Chief Executive;
 - reporting under the Board's "whistleblowing policy".

Internal Audit and Investigations

- 5:2 Although auditors may detect fraud and corruption as a result of the work that they are undertaking, the responsibility for the detection of financial irregularities primarily rests with management. The prevention, detection and reporting of fraud, corruption or bribery are the responsibility of all those working for the Board or under its control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy. All employees and members have responsibility to report any suspected financial irregularity to the internal auditor and must raise any issues as soon as the individual is offered a bribe by a third party, is asked to make one, suspects that this may happen in the future, or believes that he is a victim of another form of unlawful activity.
- 5:3 The internal auditor uses appropriately trained and experienced staff to confidentially investigate suspected cases of fraud and corruption.
- 5:4 Depending upon the nature of an allegation, the internal auditor will play a key role in its investigation. The internal auditor will be responsible for ensuring that the allegation is properly investigated and reported upon and, where appropriate, maximum recoveries are made for the Board.
- 5:5 Involvement of the internal auditor offers the following advantages to the investigation process:-
- a consistent approach to the carrying out of investigations;
 - the provision of a focal point for the gathering of information and noting of trends; and
 - access to officers who have research experience and can bring objectivity and independence to the investigation process.
- 5:6 The Board's external auditor, the Audit Commission, also has powers to independently investigate fraud and corruption. Its services may be used in instances where it is felt important for an investigation to be seen publicly as external to the Board.
- 5:7 If a decision to proceed with an investigation is taken, all available supporting prime information will be gathered and relevant individuals interviewed. Liaison will continue with the internal auditor and advice will be sought from the Board's solicitor and personnel advisor (HML) as required. During this phase, informal contact with the police may be undertaken.
- 5:8 Conclusions will be drawn based on the evidence available and the findings of the investigation will be reported to the Board. If a loss to the Board is identified, the Board's Finance Officer will be notified.
- 5:9 If evidence collected substantiates the allegation made, the Board will determine if and

when the police should be formally notified.

- 5:10 The Board may still take disciplinary action where the outcome of the investigation indicates improper behaviour regardless of whether the case has been passed to the police. Internal action must not be delayed pending the results of any police investigations as the standards of criminal law and employment law are different.
- 5:11 As appropriate, the investigating officer will advise managers on the appropriate future course of action. Recommendations relating to working practices must be implemented immediately to prevent the reoccurrence of malpractice.

6. AWARENESS AND TRAINING

- 6:1 To facilitate awareness, the Board supports the concept of full induction, training and follow-up 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.
- 6:2 It is a manager's responsibility to ensure that staff are adequately trained to carry out their duties. Staff who ignore such training and guidance may face the possibility of disciplinary action.
- 6:3 Officers involved in the review of internal control systems and investigatory work should be properly and regularly trained.

7. PROTECTION

- 7.1 Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Board aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.
- 7.2 The Board is 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. In the event that 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 Board's Grievance Procedure.

8. CONCLUSION

- 8:1 The Board maintains a continuous overview of this policy and the arrangements in place to combat fraud, corruption and bribery. The responsibility for this rests with the Chief Executive and the Committee to discuss Standards.
- 8:2 This policy will be available to all staff and to the general public.