



# Corporate Anti-Fraud & Corruption Strategy

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## **1. Introduction**

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1.1. The Anti-Fraud and Corruption Strategy outlines the City Corporation's firm commitment to minimising the risk of loss to the organisation resulting from fraud and corruption originating both internally and externally.

## **2. Scope**

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2.1. The Strategy is designed to:

- encourage prevention
- promote detection
- ensure effective investigation where suspected fraud or corruption has occurred
- prosecute offenders where appropriate

2.2. There is an expectation and requirement that all Members, employees, consultants, contractors, and service users be fair and honest and, if able to do so, provide help, information and support to assist in the investigation of fraud and corruption.

2.3. This strategy explains how the Internal Audit and Anti-Fraud and Investigation service will deliver this commitment and provides advice on how individuals, including members of the public, may raise concerns relating to fraud and corruption.

## **3. Responsibilities**

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### **Conduct**

3.1. The City Corporation expects all individuals and organisations associated with it to be honest and fair in their dealings with the City Corporation and its service users. Members and managers are expected to lead by example in this respect, observing the Principles of Public Life as laid down by the Nolan Committee:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership



## **Employee Responsibilities**

3.2. Employees have a critical role to play in the prevention of fraud and corruption throughout their daily undertakings and in their general conduct. All individuals should be aware of and understand the City's rules and regulations as relevant to their position, set out in section 4. Regulations and Legislation. Failure to adhere to these regulations may result in disciplinary action.

3.3. Employees who suspect a fraud or irregularity have a duty to report their concerns. Where such concerns exist, individuals are asked to make a note of all relevant details, such as what was said in phone or other conversations, when these conversations took place and the names of anyone involved. The matter should be reported immediately to either your:

- Line Manager
- Divisional Director
- Chief Officer

Or independently to the [Head of Audit and Risk Management](#) or in accordance with the City Corporation's Whistleblowing Policy as detailed below in section 7. How to Report a Concern. Anyone wishing to report a concern should be aware that every effort will be made to preserve confidentiality, although in certain circumstances, such as those resulting in criminal proceedings, individuals may be called upon to provide a witness statement or attend court as witness.

3.4. Employees must not do any of the following:

- Contact the suspected perpetrator in an effort to determine facts or demand restitution.
- Discuss the case facts, suspicions or allegations with anyone outside the City Corporation (including the Press) unless specifically asked to do so by the Comptroller and City Solicitor or the Head of Audit and Risk Management.
- Discuss the case with anyone within the City Corporation other than those listed above in paragraph 3.3.

## **Management Responsibilities**

3.5. Managers must ensure that an appropriate level of internal control exists to safeguard adequately against the risk of fraud and corruption. The Internal Audit and Anti-Fraud & Investigation service will work with managers to improve the control environment and to provide advice and guidance about fraud prevention and detection.



3.6. Where managers have reason to suspect fraud or corruption in their work area or have received a concern from an employee or member of the public they should:

- Not attempt to undertake a formal investigation as this may damage any Internal Audit or criminal investigation.
- When receiving the concern, obtain as much information as possible from the member of staff or public, including any evidence that they may have.
- Report the matter **immediately** to the [Head of Audit and Risk Management, Chamberlain](#) or [Town Clerk and Chief Executive](#).

### **Audit and Risk Management Committee**

3.7. Ownership of this Strategy and corporate oversight for fraud and irregularity is maintained by the Audit and Risk Management Committee. The Committee receives six monthly fraud update reports, regarding the investigation caseload and details of proactive anti-fraud activities planned and undertaken.

## **4. Regulations and Legislation**

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4.1. The City Corporation has developed a series of regulatory documents and protocols which govern how we operate and take decisions and outline the procedures followed to ensure that our actions are fair, efficient, transparent and accountable to our stakeholders. As well as governing operations, our regulations form a key component of the internal control environment, following and applying these creates a strong platform from which to combat the risk of fraud and corruption. More information can be found by following the links below:

- Code of Corporate Governance
- Standing Orders of the Court of Common Council
- Financial Regulations
- Employee Code of Conduct
- Member Code of Conduct
- Money Laundering Regulations

4.2. In addition to City Corporation guidelines, there is considerable legislation of direct relevance including, but not restricted to:

- Fraud Act 2006
- Theft Act 1968
- Theft Act 1978
- Theft (Amendment) Act 1996
- Prevention of Social Housing Fraud Act 2013
- Bribery Act 2010
- Computer Misuse Act 1990



4.3. The City Corporation's rules and regulations governing conduct have been developed in accordance with relevant legislation, including the Bribery Act 2010 and the Localism Act 2011. Existing procedures have been reviewed against this legislation and it is considered that Members and officers are sufficiently regulated in their receipt of gifts and hospitality by their respective Codes of Conduct.

## **5. Strategy**

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### **Deterrence**

5.1. The City of London will seek actively to deter potential fraudsters from committing or attempting to commit fraudulent or corrupt acts. It will do so through:

- Publicising that the City Corporation will not tolerate fraud and corruption, demonstrated by this anti-fraud & corruption strategy and the whistleblowing policy.
- Encouraging a strong anti-fraud culture amongst its employees and Members, and providing easy and effective means to report suspicions of fraud or corruption, e.g. the raise your concern hotline, dedicated email address and on-line form for raising concerns.
- Taking robust action when fraud and/ or corruption are identified, in the form of conducting complete and thorough investigations, and taking decisive action if allegations are proven, such as prosecution, dismissal, or other disciplinary action.
- Engaging with the City's Public Relations Office, where appropriate, in order to maximise the publicity of successful outcomes in combating fraud and corruption.
- Taking robust action to maximise financial recovery for the City Corporation through penalties, court action, financial settlements, or through the Proceeds of Crime Act..
- Deploying robust systems of internal control to mitigate the opportunity for fraud and corruption on an on-going basis.
- Developing and delivering general and tailored fraud awareness sessions to City Corporation employees across the organisation.
- Maintaining the mandatory fraud awareness e-learning for all officers.

### **Prevention**



- 5.2. The City Corporation employs many control mechanisms within its systems, policies and procedures in order to mitigate the risk of fraud and corruption. Chief Officers and Managers across the City Corporation are responsible for assessing the risk of fraud and corruption in their operational area and, as such are responsible for implementing appropriate strategies in order to manage this risk.
- 5.3. The Internal Audit Section is responsible for both Risk Management & Counter-Fraud & Investigation; while these two operational functions are distinct from the main assurance role of Internal Audit, all three work together in order to promote and advise on key actions that can be taken to aid in the prevention of fraud and corruption against the City Corporation. Full consideration is given to fraud risk as part of Internal Audit reviews, as outlined in the Terms of Reference for each review.
- 5.4. Internal Audit will utilise all avenues available to it, such as the internet, intranet, email communication, City Corporation publications such as the E-Leader, and press releases etc. to issue fraud alerts and remind staff to remain vigilant to the risks posed by fraudsters. In connection with this, a fraud risk assessment will be maintained, informing the programme of proactive anti-fraud work and the Internal Audit Plan.

## **Detection**

- 5.5. The City Corporation's Financial Regulations require employees to report any suspected cases of fraud or corruption to their line manager or direct to the [Head of Audit and Risk Management](#). Alongside these requirements, the City takes an active role in data-matching exercises in order to identify suspected fraud; this includes:
- Actively participating in the National Fraud Initiative (NFI), a biennial data-matching exercise currently administered by the Cabinet Office.
  - Undertaking internal data-matching exercises utilising data held by the City Corporation.
  - Working in partnership with local authorities, government departments or private sector companies.
  - Sample transaction and control testing as part of Internal Audit reviews undertaken as part of the on-going Internal Audit Plan.
- 5.6. The City Corporation will only use, or share data with other organisations where the law allows it to do so, in line with the principles of the Data Protection Act 1998.
- 5.7. Despite the actions taken by the City Corporation to aid in detecting fraud and corruption, and the best efforts of managers and auditors, some frauds are discovered as a result of a 'tip off' or by chance. The City Corporation has arrangements in place through this anti-fraud and corruption strategy,



and through the Whistleblowing Policy, to ensure that such information is properly dealt with.

## **Investigation**

5.8. The Internal Audit Counter Fraud & Investigation team is responsible for the investigation of allegations of fraud and corruption against the City Corporation. Each allegation will be considered on its individual merits and a decision made on the most appropriate way to proceed with any investigation, this may include:

- Criminal or civil investigation by the City Corporation's Counter Fraud & Investigation Team.
- Internal investigation as part of an Internal Audit review.
- Dedicated internal fraud investigation.
- Management investigation overseen by Internal Audit.

5.9. As part of any investigation, the City Corporation will ensure that:

- Any allegation is dealt with promptly and confidentially.
- Human Resources and/or the Comptroller & City Solicitor are consulted where appropriate.
- All evidence that has been collected is stored securely and recorded appropriately.
- Any interviews undertaken are conducted fairly and in line with appropriate legislation such as the Police & Criminal Evidence Act.
- Relevant Chief Officers and Managers are informed of the progress of the investigation as appropriate.
- All investigations are conducted in a timely manner, in-line with the Criminal Procedures & Investigations Act, and the Human Rights Act.

5.10. As part of the investigation the City Corporation will consider whether:

- Disciplinary action will be taken against any employee involved
- Civil or criminal prosecution action should be instigated by the Comptroller & City Solicitor.
- The matter should be referred to the Police.
- Changes are required to any City Corporation procedures.
- Any other action should be recommended.

5.11. At the conclusion of our investigations, the investigating officer will report the findings to the relevant managers, Chief Officer and Human Resources Unit. Any disciplinary action considered will be done so in line with human



resources policy and procedures and, if appropriate in consultation with the Comptroller & City Solicitor. Where necessary, the individual who is subject to investigation will be informed of the outcome in writing and will be advised of what action, if any is to be taken.

- 5.12. Where it is found that a fraud has been committed against the City Corporation, Internal Audit may make recommendations to ensure that any control weaknesses which provided the opportunity for the fraud are addressed.
- 5.13. Where serious or organised crime is suspected or identified, Internal Audit will immediately liaise with colleagues at the City of London Police to establish the most appropriate response and route of investigation.

### **Liaison with Other Organisations**

- 5.14. The City Corporation will actively engage with other organisations, and develop and maintain strong links in its efforts to pursue and strengthen its anti-fraud and corruption strategy at both a local and national level. The Counter Fraud & Investigation Team currently works with The City of London Police, the Metropolitan Police, Local Authorities, the CIPFA Counter Fraud Centre, the Home Office Immigration teams and central Government departments.
- 5.15. The City Corporation subscribes to the National Anti-Fraud Network (NAFN) services and will utilise the full range of intelligence and evidence gathering avenues to support its counter-fraud and investigation activity.
- 5.16. The City Corporation is a member of the London Borough Fraud Investigators Group (LBFIG), with the Anti-Fraud Manager being part of the LBFIG Executive Committee. The City Corporation will maximise this forum to share and utilise intelligence from LBFIG members and partner organisations to support and enhance its counter fraud and investigation response.

## **6. Post Investigation**

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### **Sanctions**

- 6.1. Where financial impropriety has been discovered, whether perpetrated by Officers, Members or third parties (e.g. suppliers, contractors, service providers), the Head of Audit & Risk Management will consult with the Chamberlain and the Town Clerk as appropriate, to form a view on whether the matter should be reported to the Police. In cases where matters are referred to the Police, the Crown Prosecution Service will determine whether or not a prosecution will be pursued.





- 6.2. Should matters be dealt with internally, a decision will be made in conjunction with Senior Management and Corporate HR on the most suitable course of action, in accordance with the City Corporation's Prosecution Policy, Members Code of Conduct, Employee Code of Conduct and the City's disciplinary procedure.
- 6.3. Suspected financial impropriety by any third party that the City Corporation has dealings with will be the subject of investigation. If proven, this may result in the termination of individual contracts and may result in prosecution or civil action.

### **Prosecution**

- 6.4. Any matters considered for prosecution will be subject to the Code for Crown Prosecutors, the evidential test and the Public Interest test. While each case is considered on its own merits, a consistent set of principles will be applied in forming the decision whether or not to prosecute.
- 6.5. In cases where fraud and/or corruption is proven, the City Corporation will, in-line with its Prosecution Policy, consider instigating prosecution proceedings in conjunction with the Comptroller & City Solicitor.
- 6.6. Should matters that are referred to the Police be considered for prosecution, action will be instigated through the Crown Prosecution service.

### **Recovery of Losses**

- 6.7. In proven cases of financial loss, the City Corporation will seek to recover all such losses through whatever means it considers appropriate. If the fraud was committed by an employee, the loss may be recovered from any monies due to the individual on termination of employment.
- 6.8. Where an employee is a member of the City Corporation's Pension Scheme, and is guilty of fraud, the City Corporation may be able to recover the loss from the capital value of the individual's accrued benefits in the Scheme, which are then reduced as advised by the actuary.
- 6.9. Should the City Corporation be unable to recover its losses in this manner, consideration will be given in consultation with the Comptroller & City Solicitor to taking civil action to recover the loss.

## **7. How to Report a Concern**

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- 7.1. There are a number of ways that individuals may raise a concern or report a suspected fraud or irregularity; any reports received will be treated confidentially in accordance with the City Corporation's Whistleblowing Policy. Employees are urged to consider the nature of the concern, whether it



involves immediate management, and the seriousness and sensitivity of the issues involved.

7.2. As soon as an employee becomes reasonably concerned about a matter, they are encouraged to raise this in the first instance with their line manager. All managers have a responsibility to act on concerns raised. The line manager should report the concern to the Head of Audit & Risk Management or the Anti-Fraud Manager as soon as practicably possible.

7.3. If, however, individuals are not comfortable raising concerns with their line manager, there are a number of other reporting channels, managed by Internal Audit to safeguard confidentiality as set out below:

- E-mail to the [Head of Audit and Risk Management](mailto:raiseyourconcern@cityoflondon.gov.uk) or [raiseyourconcern@cityoflondon.gov.uk](mailto:raiseyourconcern@cityoflondon.gov.uk)
- By telephone to Internal Audit on 020 7332 1277 or 020 7332 1278.
- By completing the [confidential online Raise Your Concern form](#)
- By leaving a message on the City Corporation's 24 hour confidential answer phone: 020 7332 3663.
- By letter to; The Head of Audit & Risk Management, City of London Corporation, PO Box 270, Guildhall, London, EC2P 2EJ.