

Counter Fraud and Anti-Bribery Strategy

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Document Control

Version No.	Date Reviewed	Summary of Changes	Changes made by
1.0	N/A	New Policy	Finance Director
1.0	12/03/18	Finance Review, terms changed where applicable	Financial Controller
2.2	29/04/2020	Links all reviewed and updated for Cyber Fraud	Chris Tytler

1. Introduction

Fraud is an ever present risk for all organisations covering all aspects of operations and is often difficult to detect and prove. It may involve both physical assets and intellectual property. It is costly in terms of financial loss, reputational damage and impact on individuals. It is incumbent upon ECL therefore to have a robust and visible Anti-Fraud and Bribery Strategy.

2. Policy Aim

The aim of this strategy is to encourage the prevention of fraud, bribery and corruption, to promote its detection and reporting and implement effective deterrents. All instances of suspected irregularities will be robustly investigated and offenders will be prosecuted under the relevant legislation where possible. A culture of zero tolerance to fraud and related activities is our aim.

3. Scope and Aim

3.1 This strategy covers all forms of fraud, bribery and corruption and applies to all employees, consultants, contractors and service users. It is related to ECL's existing **Anti-bribery (PF07)** and **Anti-Money Laundering (PF12)** policies.

3.2 Fraud is defined as persons acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or risk of loss) on another and includes theft. A person may be guilty of fraud if they make false representation, fail to disclose information or abuse their position.

3.3 Bribery is defined in the [Bribery Act 2010](#) as 'the inducement for an action which is illegal, unethical or a breach of trust'. Inducements can be financial, e.g. gifts, or take non-monetary forms, e.g. unwarranted favourable treatment.

3.4 Corruption is the abuse of entrusted power for private gain.

3.5 Fraud and corruption is a risk in all areas of the business including employee related, asset and equipment related, and procurement related. It may involve, among other things, theft or misuse of assets or manipulation of data for personal gain.

3.6 ECL has an added dimension in terms of the absolute necessity to prevent fraud and other irregularities in that we are responsible, through our services, for some of the most vulnerable people in society. ECL has adopted the Essex wide guidance for the protection of vulnerable adults.

4. Responsibilities

4.1 ECL expects all employees, individuals and organisations associated with us to be honest and fair in their dealings both internally and externally.

4.2 We promote our in-house values, to all employees of the organisation, which includes a requirement to act with integrity at all times.

4.3 ECL will provide formal training for all staff in the identification and reporting of suspected fraud as part of the induction process.

4.4 Consultants and contractors must be vetted to ensure they have appropriate mechanisms and procedures for identifying and reporting fraud and irregularities.

4.5 Employee Responsibilities

Employees have a critical role to play in the prevention of fraud and corruption and have a duty to report any suspected concerns. It is essential therefore that they are trained in the identification of potential fraud and are familiar with the ways in which this can be reported either openly, but confidentially, or anonymously.

Where fraud is suspected, employees should record any relevant events or conversations but should not contact or alert the suspected perpetrator or discuss their concerns with anyone outside the official reporting channels.

4.6 Management Responsibilities

Management must ensure that there are appropriate levels of internal control to prevent or reduce the likelihood of fraud or corruption. ECL has very clear limits of delegated authority and the **Financial Regulations (PF08)** are explicit about who can order and receipt for goods and services.

Managers should ensure confidentiality is maintained at all times and that incidents reported are being followed up through the formal channels.

Management also has a responsibility to maintain fully functioning reporting procedures at all times.

4.7 Audit Committee

Ownership of this strategy and corporate oversight for fraud and irregularity is held by the Audit Committee. The Audit Committee is a sub-Committee of the ECL Board.

Updates on any instances of fraud or irregularity should be considered by the Committee on a quarterly basis as a minimum, and reported to the ECL Board as appropriate.

Membership of the Audit Committee includes ECC Internal Audit and, as they have oversight of all ECL risks and the history of controls that have been adopted, they will always be consulted when fraud or corruption is suspected.

The Audit Committee will continuously review its approach to managing the risk of fraud including monitoring any emerging themes or trends.

4.8 Informing the shareholder

Any loss or suspected loss over £100k, or where there could be significant reputational damage i.e. a low value fraud with significant impact e.g. financial abuse of service users/customers, will be reported to the shareholder immediately. This will be the responsibility of the Chief Executive Officer (“CEO”) of ECL. This will be reported to The Executive Director for Finance and Technology, ECC.

In the absence of the CEO, the loss or suspected loss will be reported by the ECL Chairman or the Chair of the Audit Committee.

Any loss or suspected loss under £100k will be reported to the shareholder at the next available shareholder meeting.

5 Regulations and Legislation

ECL has a series of controls, protocols and regulatory documents which govern how we operate and constitute our internal control mechanisms for the detection and prevention where possible of fraud and irregularities.

5.1 These include, but are not limited to;

ECL Memorandum and Articles of Association
Financial Regulations (PF08) including payroll controls
Employee Code of Conduct (PHR06)
Recruitment & Selection Policy (PHR18)
Gifts and Hospitality Policy (PHR47)

5.2 In addition there is directly relevant legislation including

[Fraud Act 2006](#)
[Theft Act 1968](#)
[Theft Act 1978](#)
[Theft \(Amendment\) Act 1996](#)
[Bribery Act 2010](#)
[Computer Misuse act 1990](#)
[The Data Protection Act 2018](#)

5.3 Ensuring compliance with the above policies, regulations and legislation is an integral part of ECL’s commitment to countering the risks of fraud and corruption.

6 Cyber Fraud

6.1 Risk

Every organisation that uses an information network is at risk from cyber fraud in today’s society. ECL is no different from being at risk from external hacking in order to extract employee or customer details and there is also a risk to individuals from extortion of information through the sending of malicious email.

6.2 Prevention

ECL looks to prevent or mitigate the risk of cyber fraud through a number of different means:

- Firewalls to protect the data programmes
- Anti-spyware installations
- Internal IT protocols (fully supported by Essex County Council's IT protocols)
- Backups of the system on a regular basis with Essex County Council
- Annual penetration testing via ECC IT team
- Training on cyber security awareness for all staff, especially during extended periods of working from home – this is planned to be a 6-week programme rollout for all staff and then renewable annually.

6.3 References

The documents that ECL use to manage its cyber fraud governance are as follows:

- **Information Security Policy (PIT01)**
- **Code of Conduct Policy (PHR06)**
- **Data Protection and Confidentiality Policy (PIT02)**
- **Appropriate relevant government guidance**

7 Strategy

7.1 Deterrence

ECL will actively attempt to deter potential fraud and corruption by:

- Developing a culture of zero tolerance to fraud and corruption.
- Ensuring staff are fully trained in the identification of potential fraud.
- Making reporting of suspicions of fraud both easy and encouraged.
- Systematically implementing all internal control systems.
- Taking robust action when fraud is reported by thoroughly investigating all allegations.
- Taking decisive action if fraud is proven including possible dismissal and prosecution.
- Maximising attempts to recover any financial losses.
- Widely publicising the outcomes of proven instances and action taken.

7.2 Prevention

ECL Management will implement all rules and procedures directed at the prevention of fraud and corruption.

ECL has been provided with a Fraud Risk Assessment by ECC Internal Audit. This will be maintained, updated and managed by the Quality and Governance function and reported on a 6 monthly basis to the Audit Committee.

Fraud risk is an integral part of all audit reviews commissioned by ECL and carried out by ECC Internal Audit department.

7.3 Detection

All instances of suspected fraud or corruption reported by staff or through any other channel will be investigated immediately in accordance with ECL internal procedures.

External support from ECC Internal Audit department or the police will be requested where appropriate.

7.4 Investigation

Each instance of suspected fraud or corruption will be considered on its individual merits to determine the most appropriate way to investigate it. This may include;

- Internal investigation by ECL Management.
- Specific investigation by ECC Internal Audit.
- Specific investigation by ECC Counter Fraud Team.
- Criminal investigation by the police.

In many instances an investigation will involve a combination of these resources and may require the CEO or the Head of Finance to inform the external auditors for inclusion in the final assurance statement that is made to support the end of year accounts.

All investigations will be dealt with promptly and confidentially. HR and Essex Legal Services will be consulted and involved as appropriate. Line Management will be kept informed of the progress of investigations. All evidence collected including statements obtained will be recorded and stored securely and confidentially.

8 Post Investigation

8.1 Sanctions

Where fraud or corruption is discovered, each instance will be considered according to the circumstances to determine whether it should be dealt with internally or the police should be involved. If a case is referred to the police, the Crown Prosecution Service will decide how it is pursued.

If a case is dealt with internally it will be dealt with through the Company's disciplinary procedures, which include the possibility of summary dismissal.

If fraud involves third party contractors, sanctions may include termination of the contract.

The CEO will assume overall responsibility for the decision as to the action to be taken. This will preclude the CEO from any final panel for an appeal hearing if disciplinary action is taken.

8.2 Recovery of Losses

If ECL has suffered financial loss as a result of fraud it will seek to recover any loss by any appropriate means. This will include deduction from any payments due to employees or third parties.

9 How to Report a Concern

There are several ways for staff to report a suspected fraud or corruption. Initially staff should discuss their concerns with their line manager.

The concern must then be reported through the Head of Quality and Corporate Assurance or the Director for Corporate Development.

Telephone 03330 130203

Email: fran.driver@essexcares.org
claire.shuter@essexcares.org

Staff, are also able to report the concern anonymously through ECL's confidential whistleblowing hotline, Expolink;

Telephone: 0800 374199

Website: www.expolink.co.uk/ecl

Equality Impact Assessment for Counter Fraud and Anti Bribery Policy – SF01

To be completed and attached to any policy/procedural document when submitted to the appropriate committee for consideration and approval.

		Yes/No	Comment
1	Does the Policy/guidance affect one group less or more favourably than another on the basis of:		
	Age	No	
	Disability	No	
	Gender Reassignment	No	
	Marriage and Civil Partnership	No	
	Pregnancy and Maternity	No	
	Race	No	
	Religion and belief	No	
	Sex	No	
	Sexual Orientation	No	
2	Is there any evidence that some groups are affected differently?	No	
3	If you have identified potential discrimination, are any exceptions valid, legal and/or justifiable?	No	
4	Is the impact of the policy/guidance likely to be negative?	No	
5	If so, can the impact be avoided?	No	
6	What alternatives are there to achieving the policy/guidance without the impact?	No	
7	Can we reduce the impact by taking different action?	No	