



Transport for  
Greater Manchester

## **COUNTER-FRAUD and CORRUPTION POLICY**

| <b>Document Control</b>    |   |
|----------------------------|---|
| <b>Title</b>               | TfGM Counter-Fraud and Corruption Policy  |
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## 1. INTRODUCTION

- 1.1 TfGM is committed to enabling and securing the highest standards of conduct, honesty, propriety and accountability from TfGM staff and from individuals and organisations who conduct business with TfGM in delivering its services and the management of its resources and assets. This includes making sure that the opportunity for fraud, bribery and corruption is minimised and adopting a 'Zero Tolerance' approach to fraud and corruption.
- 1.2 TfGM, is committed to ensuring that the risks of fraud and corruption are managed effectively, and that decisive action is taken where these offences are found to have been committed.
- 1.3 The range, nature and size of TfGM's activities mean there is an ever present risk of loss due to fraud and corruption from both internal and external sources. By putting in place effective measures to counter the risk of fraud and corruption, TfGM can reduce losses which undermine standards of service and reduce the resources available for the good of the Greater Manchester community.
- 1.4 TfGM will work collaboratively with government, local authorities and other public bodies, including the police and national fraud agencies to minimise the impacts of fraud and corruption on the public purse.

## 2 POLICY SCOPE AND AIMS

### Scope

- 2.1 This Policy covers all employees including agency workers, permanent and temporary, external persons working for TfGM such as contractors, delivery partner staff, and also suppliers and customers in their business dealings with TfGM.
- 2.2 This Policy does not apply to any aspect of the operation of the GM Clean Air Plan for which there is separate, dedicated guidance documentation.

### Aims

- 2.3 This Policy sets out TfGM's approach to managing the risk of fraud and corruption and how an anti-fraud and corruption culture is established and promoted.
- 2.4 The aims of the Policy are to
  - (i) Embed an anti-fraud culture into TfGM;
  - (ii) Promote and effective framework of control and governance relating to fraud risk;

- (iii) Confirm the responsibilities of Directors and Officers in managing the risk of fraud and corruption; and
  - (iv) Demonstrate how TfGM meets best practice principles under the CIPFA guidance Managing the Risk of Fraud and Corruption in Local Government.
- 2.5 This Policy complements other policies in place relating to fraud, corruption, bribery, and money laundering, including the TfGM Whistleblowing Policy.
- 2.6 This Policy will be reviewed and updated on an a biannual basis by the Head of Audit and Assurance. In the case of significant changes, the Policy will be presented for approval to the Audit and Risk Assurance Committee.

### 3. LEGAL DEFINITIONS

#### Definition of Fraud

- 3.1 The Fraud Act 2006 describes fraud as *the intention to make a gain or cause a loss by*
- **false representation**, where a person makes a representation that is intentionally and dishonestly made, with intent to make a gain for themselves or another, or to cause or to expose another to risk of loss to another;
  - **failing to disclose information**, where a person dishonestly fails to disclose information to another person when they are under a legal duty to disclose that information intending by that failure to make a gain or cause a loss; and
  - **abuse of position**, where a person occupies a position in which they are expected to safeguard or not to act against, the financial interests of another person; and dishonestly abuses that position with the intention to make a gain for themselves, or to cause or expose the risk to a loss to another (the abuse may consist of an omission rather than an act).
- 3.2 There are further subheadings of fraud described, including possession of articles for use in fraud, making or supplying articles for use in frauds, participating in fraudulent business and or obtaining services dishonestly

#### Definition of Corruption

- 3.3 Corruption is defined as the “offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.”

## 4. TfGM AND EMPLOYEE RESPONSIBILITIES

4.1 The primary defence against fraud and corruption is the establishment of sound practices and systems that incorporate effective controls, which are subject to regular scrutiny and oversight. Every employee has a duty to effectively operate the systems and controls for which they are responsible, and to create an honest, open and well-controlled environment.

4.2 Some individuals or groups of individuals have specific responsibilities, as follows:

Collectively, the **Chief Executive and Executive Board** have responsibility for ensuring that TfGM has effective measures in place to identify, detect, and deal with matters of a fraudulent nature. The Board has a responsibility to support and promote an anti-fraud culture.

TfGM has delegated a number of specific responsibilities to the **Managing Director (MD)** for ensuring financial irregularity is investigated and reported. These responsibilities include implementing an effective control environment to prevent and detect fraud, assessing the effectiveness of TfGM's fraud related policies and ensuring investigations are performed in line with the Fraud Response Procedure. The MD is also responsible for deciding on the appropriate legal and/or disciplinary action to take against perpetrators of fraud and to recover assets, reporting all incidents of fraud to the Executive Board,

Under its terms of reference the **Audit and Risk Assurance Committee (ARAC)** is responsible for

- (i) Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and advising on the adequacy of TfGM's counter-fraud policies and procedures and ensuring that arrangements are in place by which staff may, in confidence, raise concerns about any potential improprieties; and
- (ii) Receiving reports of management's investigations and any action taken in respect of any fraudulent act or non-compliance with laws and regulations.

The **Head of Audit and Assurance** has a responsibility, under the Public Sector Internal Audit Standards, to review the organisations' arrangements for managing the risk of fraud, bribery and corruption, and evaluate their effectiveness in preventing and detecting fraud and corruption.

In particular, the role of Audit and Assurance in respect of fraud and corruption is to:

- (i) Prepare and maintain a suite of relevant TfGM Counter-Fraud policies and procedures, including the Counter Fraud and Corruption Strategy and Action Plan.
- (ii) Promote an anti-fraud culture by raising awareness of fraud issues amongst all staff, including through the provision of counter-fraud training.
- (iii) Facilitate the identification of fraud risks and the subsequent management of these by TfGM Functions.
- (iv) Undertake proactive audit work to prevent and detect fraud, including the review of fraud controls as part of each audit performed (where relevant)
- (v) Undertake the investigation of frauds perpetrated against TfGM or emanating from within TfGM where this is deemed appropriate, including the subsequent reporting of findings, conclusions and recommendations to senior management and ARAC Chair.
- (vi) Work collaboratively with national and local counter fraud bodies including managing TfGM's participation in the National Fraud Initiative.

TfGM's **external auditors** assess the adequacy of TfGM's arrangements for the prevention and detection of fraud, corruption and theft, as part of their annual review of TfGM's Corporate Governance arrangements.

**Directors, Heads of Service and Managers (ie CELT and ELT)** are responsible for promoting staff awareness and ensuring that all suspected or reported irregularities are immediately referred to the Head of Audit and Assurance, and to ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft, and to reduce these risks by implementing strong internal controls.

Advice and training for managers in the identification of fraud will be made available via awareness sessions provided by Internal Audit.

**All staff** are required to comply with TfGM's policies and procedures, to be aware of the possibility of fraud, corruption and theft, to report any genuine concerns to management and to the HoA, and to ensure that internal controls, within their area of responsibility, for the prevention and detection of fraud, are rigorously observed and applied.

- 4.3 Whistleblowing arrangements are in place to allow **suppliers, contractors, and other stakeholders** to report any concerns/suspensions to the HoAA. These arrangements will provide protection for the complainant, as required, under the Public Interest Disclosure Act 1998 and TfGM's Whistleblowing Policy

## 5. MANAGING THE RISK OF FRAUD AND CORRUPTION

### **CIPFA Code of Practice on Managing the Risk of Fraud and Corruption in Local Government.**

- 5.1 TfGM will adhere to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption in Local Government (the Code) as it represent best practice and compliance with its principles will enable TfGM to demonstrate effective stewardship of public funds.
- 5.2 The key principles of the Code are to:
- (i) Acknowledge the responsibility for countering fraud and corruption;
  - (ii) Identify the fraud and corruption risks;
  - (iii) Develop an appropriate counter fraud and corruption strategy;
  - (iv) Provide resources to implement the strategy; and
  - (v) Take action in response to incidences of fraud and corruption;
- 5.3 The Head of Audit and Assurance undertakes a periodic self-assessment against the requirements of the Code of Practice. The outcomes of these assessments are presented to the ARAC and any actions subsequently arising being monitored by ARAC. This process ensures that the implementation of this Policy is subject to regular monitoring, that the success of the Policy can be measured and that actions are clearly defined, with target dates of implementation and clear intended outcomes
- 5.4 TfGM meets the requirements of the Code by having the following in place:

#### **1. Corporate Policy Framework**

A comprehensive set of corporate policies are in place which describe the key internal controls to prevent and detect fraud and corruption:

- TfGM Constitution including Financial Regulations and Procurement Procedures;
- Employee Code of Conduct;
- Expenses Policy, including Gifts and Hospitality;
- Whistleblowing Policy;
- Fraud Response Procedure;
- Bribery Act Policy;
- Anti-Money Laundering Policy;
- Risk Management Policy
- SAP Procedures
- IS Security Policy and Procedures



## 2. Fraud and Corruption Prevention

Preventative measures help to make offences more difficult to carry out. Prevention establishes physical, logical and procedural barriers to discourage fraud and corruption, by implementing proportionate and cost-effective countermeasures to prevent or reduce the identified fraud risk:

- (i) Management at all levels within the organisations have a responsibility for the prevention of fraud and corruption. This is achieved by ensuring effective fraud risk management and the operation of effective internal control systems. In addition, management is responsible for ensuring that their staff are aware of relevant policies and procedural documents, and that the requirements within these are being followed.
- (ii) Employees must follow the requirements set out in the organisations' policies and any local procedures implemented by management. This includes the requirements contained within the Conditions of Employment issued upon appointment to their role.
- (iii) Audit and Assurance plays an important preventative role in reviewing the controls in place within systems to prevent fraud and corruption and making recommendations to management where improvements in the design of, or compliance with, internal controls are required. Audit and Assurance develops and delivers an annual risk-based Audit and Assurance Plan that gives consideration to fraud and corruption risk, and makes provision for the investigation of allegations into suspicions raised or other identified irregularity. The Internal Audit Plan is informed by the organisations' risk registers, which include fraud risks
- (iv) The system of internal control is the set of measures, financial and otherwise established in order to provide reasonable assurance of effective and efficient operations, reliability of internal financial control and reporting, and compliance with applicable laws and regulations. The effectiveness of the system of internal control in preventing and detecting fraud, bribery and corruption is reported upon in the Annual Governance Statement. This Statement is supported by the Head of Audit and Assurance Annual Opinion, expressed in the Annual Report
- (v) All TfGM's systems and processes should be fully documented, the documentation kept up to date, and made available to the staff operating those systems. A lack of systems documentation reduces control and creates the opportunity for unacceptable practices to occur without check, inevitably weakening the

system's operation. It should be clear to all involved what the processes are to achieve the system's objectives. Documenting the system ensures that everybody involved is aware of the authorised process for undertaking the various stages of the system's operation. This awareness, together with the management authorisation of a documented system, establishes a culture of formality that assists the prevention of the introduction of informal changes. Documenting a system provides clarity of purpose and intent, both for the operator of a system and any interested third party.

- (vi) Effective segregation of duties; a prerequisite of a sound system of control over financial transactions is the separation of duties between (i) preparation; (ii) approval; (iii) input; (iv) management review; and (v) final authorisation. This principle is an essential preventative control over fraudulent and corruption practices.
- (vii) Authorisation controls to ensure appropriate approval is given to allow a particular course of action.
- (viii) The Managing Director has a duty to ensure the proper administration of TfGM' financial affairs. Accordingly, Financial Regulations have been developed and outline the systems, procedures and responsibilities of employees in relation to financial activity. These are available to all employees, contractors or agents via the organisations' intranet.
- (ix) Recruitment and selection of employees is a key preventative measure in the fight against fraud and corruption and it is important to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of propriety and integrity. The recruitment of employees is therefore required to be in accordance with the organisations' Recruitment and Selection Policy. In particular, written references are sought directly from referees regarding known honesty and integrity of potential employees before employment offers are made
- (x) Potential conflicts of interest are flagged via the Declaration of Interest protocols at meetings where decisions are taken.
- (xi) Fraud awareness training is provided via e-learning. Managers are responsible for raising awareness of fraud risks in local induction and on-the-job training.

### 3. Fraud and Corruption Deterrence

There is a range of measures in place to seek to deter employees from engaging in fraud, bribery or corruption:

- (i) TfGM has well-established and fully implemented disciplinary process. It is important in maintaining an anti-fraud culture within the organisations, that all offences are dealt with in a consistent manner and that minor unethical practices are not overlooked (such as petty theft or small scale expenses fraud) or dealt with in a unduly lenient manner.
- (ii) Where there is evidence of fraud or corruption, the matter will be referred to the Police for investigation, who in turn may refer the matter to the Crown Prosecution Service to consider prosecution. It is recognised that it may not always be in the public interest to refer cases for criminal proceedings.
- (iii) Where fraud and corruption is proved and a financial loss has been suffered, the organisations will seek to recover the full value of any loss from the perpetrators. This may involve civil proceedings being instigated through the courts.
- (iv) Where appropriate, TfGM will publicise successful actions it has taken against fraudsters

### 4. Fraud and Corruption Detection

**TfGM actively seek to detect any incidents of fraud and corruption to allow it to respond promptly to suspicions.** All officers, suppliers, contractors and customers have an important role to play in the detection and reporting of fraud:

- (i) TfGM encourages anyone who knows or suspects any inappropriate behaviour to report it. The TfGM Whistleblowing Policy provides advice and guidance on how specific matters of concern may be raised and aims to give employees the confidence to raise concerns internally. The Policy is regularly reviewed to ensure it is compatible with current legislation and to assess its effectiveness. Employees are expected to act responsibly when using the whistleblowing process. If it is proven that an allegation is made frivolously, maliciously or for personal gain, this will be regarded as serious or gross misconduct.
- (ii) Directors and Heads of Service must act in accordance with the Whistleblowing Policy to support any employees protected under the policy, who have 'blown the whistle'. They must also instigate appropriate disciplinary procedures should the result of any investigation identify evidence of fraud or corruption.

- (iii) Budgetary control is important in identifying fraudulent activity at significant levels. Heads of Service, Managers, Budget Holders and Business Accountants have a responsibility to be aware of the transactions affecting budget lines under their control. They should ensure that all transactions correspond to expectations.
- (iv) Whilst it is management's responsibility to prevent and detect fraudulent and corrupt activity, Internal Audit will plan their work in accordance with the appropriate audit standards so as to reasonably detect fraud or corruption(v) TfGM engages in data sharing initiatives to facilitate fraud detection, such as the National Fraud Initiative (NFI) and "Tell Us Once" schemes. Such initiatives are carried out in accordance with the Data Protection Act, and other relevant legislation. (vi) For the purposes of the prevention and detection of fraud and corruption, TfGM will work jointly with other Authorities and agencies and will share intelligence data with these bodies

## **5. Investigation of Suspicions \ Allegations of Fraud and Corruption**

The aim of any investigation is to establish the facts surrounding the allegation that has been made, so as to establish whether there is evidence of fraud, bribery or corruption.

All suspicions or allegations must be referred to Internal Audit, in accordance with the Fraud Response Procedures. The Head of Audit and Assurance will liaise with the Managing Director, Head of Legal and responsible Director to determine the investigative action required and to establish the best route for the investigation to take, for example by Audit and Assurance or the Police.

The Head of Audit and Assurance will ensure that all investigations it carries out comply with the Fraud Response Procedures and Audit and Assurance Investigation Procedures, other relevant organisational policies and the law.

Following the conclusion of an investigation, the Head of Internal Audit will report the findings to the Chief Executive, Managing Director, relevant responsible Director, Head of Legal and the ARAC Chair. The report will reflect any matters arising from the investigation and make

recommendations to improve internal controls and minimise the risk of fraud and corruption.

Where it appears that a criminal offence may have been committed, the TfGM will ordinarily inform the Police (the final decision of referral to the Police will be a matter for the Managing Director), so that a criminal investigation can take place. The Police may refer the matter to the

Crown Prosecution Service to determine whether a prosecution will be pursued.

## **6. Recovery of Assets and Sanctions**

TfGM has a Recovery of Assets and Sanctions policy (see Fraud Response Procedures) which will be rigorously applied against any employee, consultant, supplier or contractor in the event that an investigated matter identifies that fraud has been perpetrated against TfGM, and that a financial loss has occurred.

TfGM will endeavour to recover assets that it has been permanently deprived of as a result of actions on the part of employees, consultants, suppliers and contractors, as a result of any investigation undertaken; the procedure to be followed is contained within the Fraud Response Procedures

## **7. Publicity**

Where appropriate, TfGM will publicise on the Intranet, the results of any investigation to promote awareness, to deter, and to demonstrate the need for preventative measures.

# **6. COMPLYING WITH RELATED LEGISLATION**

- 6.1 To protect the rights of individuals under investigation, all investigation activity will be conducted so as to be compliant with the related provisions of the Human Rights Act 1998, the Equality Act 2010, and TfGM's Corporate Diversity and Inclusion Policy
- 6.2 When processing personal data as part of any investigation of fraud or corruption suspicions or allegations, TfGM will take all necessary precautions to protect such data and not to share it more widely than is necessary as part of the investigation. The General Data Protection Regulations and the Data Protection Act 2018 will be applied to all aspects of any such investigation.

# **7. TRAINING AND AWARENESS**

- 7.1 Directors and Heads of Service are responsible for ensuring employees are made aware of this Policy and any training needs which may arise from this policy are fulfilled. The TfGM induction process shall also ensure that new employees complete the Fraud Prevention e learning.
- 7.2 All employees covered under this Policy's scope shall ensure that they read and understand this Policy and complete the Fraud Prevention e learning.

## **8 MONITORING AND REVIEW**

- 8.1 The Head of Audit and Assurance will annually review the application of these Counter Fraud and Corruption arrangements and report to the Audit Risk and Assurance Committee on the Policy's implementation, providing details of any reported concerns and investigations conducted.

## **9. OTHER RELEVANT POLICIES**

- 9.1 The following policies should be read in conjunction with this Counter Fraud and Corruption Policy: [hyperlink these when published on the intranet]

- Fraud Response Procedures
- Whistleblowing Policy
- Anti-Money Laundering Policy and Procedures
- Anti-Bribery Policy
- Clean Air FSS Counter Fraud and Corruption Plan
- Clean Air FSS Fraud Response Procedures