

# Fraud Response Plan.

April 2021



WORKING TOGETHER

## 1. Introduction

- 1.1. The Council's Anti-Fraud, Bribery and Corruption Policy and Strategy makes it clear that the Council is committed to adopting a zero tolerance approach to fraud, bribery and corruption from both internal and external sources. Where fraud, bribery or corruption is suspected the Council will deal with the allegations seriously in accordance with Council procedures.
- 1.2 This Fraud Response Plan provides guidance to Councillors and staff on the procedures that should be followed where a fraud is suspected or discovered. It includes reporting requirements, responsibilities for actions and how allegations will be investigated. It should be read in conjunction with the Council's Anti -Fraud, Bribery and Corruption Policy and Strategy, and the Whistleblowing Policy.
- 1.3 It is important to ensure that a structured and consistent approach is implemented by the Council for the investigation of any cases of fraud, bribery and corruption. This Fraud Response Plan sets out the Council's approach to ensure:
  - Councillors and staff are aware of how to report any allegations of fraud, bribery or corruption;
  - there is a clear understanding of who will lead investigations and appropriate staff are informed and involved;
  - Information about the investigation is retained by officers involved in the case. in accordance with the Council's Information Management and retention policies;
  - further losses of funds or assets where fraud may have occurred are prevented and the recovery of losses is maximised;
  - evidence is gathered to support an allegation and inform further action;
  - evidence necessary for possible disciplinary and criminal action is established and secured;
  - any adverse effects or publicity on the business of the Council or any other partner organisations involved are minimised;
  - a review is undertaken of the reasons for the incident and action taken to improve control, strengthen procedures and prevent recurrence.
- 1.4 Under no circumstances should staff feel that they must tolerate the abuse of systems employed at the Council by other staff members or outside persons in ways that may be classed as potentially fraudulent behaviour. Whilst total anonymity cannot be guaranteed, every effort will be made not to reveal your name. However, if criminal activity is found and the case is forwarded to the police, your identity may be needed at a later date. However, all persons implicated by an allegation must be informed of the circumstances and relevant evidence and allowed to comment as part of the investigation.
- 1.5 The Council seeks to establish a flexible Fraud Response Plan to enable the approach to be varied in individual cases. Generally, the approach taken shall depend on the perceived risk to the Council in a financial or reputational sense. This shall be judged individually for each case, based on the information available.

## 2. Reporting Suspicions

- 2.1 The procedures detailed below should be followed for all suspected cases of fraud, bribery and corruption involving Council staff, its partners and suppliers. You may also come across instances where third parties are attempting to defraud or scam the Council, for example submitting bogus invoices or changing bank details of suppliers. Any concerns such as these should be reported to the Service Lead Audit and Risk who will investigate further and arrange for alerts to be circulated to relevant areas of the Council.
- 2.2 Examples of fraud, bribery and corruption include, but are not limited to theft, financial irregularities, and misuse of Council property, vehicles or equipment, misuse of Council systems, conflicts of interest and supplier kickbacks.

### Action by Employees

- 2.3 You should raise your concerns or suspicions with your line manager in the first instance. If you feel unable to approach your line manager, you should report any concerns or suspicions of financial irregularity to the Service Lead Audit and Risk. Alternatively, you may choose to report your concerns or suspicions anonymously via the Council's whistleblowing reporting procedures outlined in the Whistleblowing Policy. Whilst total anonymity cannot be guaranteed, every effort will be made not to reveal your name. However, if criminal activity is found and the case is forwarded to the police, your identity may be needed at a later date.
- 2.4 If you suspect a colleague is committing fraud, **under no circumstances** confront him or her with accusations of wrongdoing. This may allow the destruction of evidence and in extreme cases may expose you to physical danger. If your suspicions are mistaken, then workplace relationships may be poisoned irretrievably. The official investigators are best placed to interview suspects.
- 2.5 Once you have reported the incident, you may be contacted further by Internal Audit as part of the ongoing investigation. You should provide them with as much information as possible to enable the investigation to be effectively progressed.

### Action by Managers

- 2.6 If you have reason to suspect fraud, bribery or corruption in your work area, or a concern has been reported to you by a member of your staff, you should do the following:
- Listen to the concerns of your staff and treat every report seriously and sensitively. Reassure staff that their concerns will be taken seriously and passed on to the appropriate officer;
  - Obtain as much information as possible from the member of staff, including any notes or evidence to support the allegation. Do not interfere with this evidence and ensure it is kept securely;
  - Do not attempt to investigate the matter yourself or attempt to obtain any further evidence as this may compromise any internal audit, disciplinary or police investigation;

- Report the matter immediately to the Service Lead Audit and Risk.

### **Action by Councillors**

- 2.7 If a Councillor has suspicions about fraud, bribery or corruption whether it be a fellow elected Councillor, officers of the Council or partner organisations of the Council they should report this to the Chief Executive or the Monitoring Officer at the earliest opportunity.

### **Action by Members of the Public**

- 2.8 If a member of the public would like to raise a concern, they should follow the reporting procedure contained within the Whistleblowing Policy on the Council's website.

## **3. Malicious Allegations**

- 3.1 All Councillors and staff should be aware that malicious or vexatious allegations will not be tolerated and may be dealt with as a disciplinary matter.

## **4. Investigating Allegations of Fraud**

- 4.1 In the event of any serious or immediate threat to the Council's financial position, significant fraud, bribery or major accounting breakdown, the Service Lead Audit and Risk must be immediately informed who will then notify the Corporate Governance Group. If it is considered there are *prima facie* grounds for the concern or complaint involving the alleged misconduct of Council staff, the Service Lead Audit and Risk will commence a preliminary investigation. If the allegation involves a Member, the Monitoring Officer will be informed.
- 4.2 It is of the utmost importance that until the Service Lead Audit and Risk initiates an investigation no other officer shall investigate the matter, interview staff or attempt to gather evidence, as failure to comply with relevant legislation may jeopardise the investigation.
- 4.3 An initial investigation into the allegations will be completed. At this stage either the allegations will be dismissed, or a full investigation will be initiated. This is provided that the Service Lead Audit and Risk in conjunction with the Corporate Governance Group are satisfied there is sufficient concern, or evidence exists that a fraud may have been committed. If a preliminary investigation shows the allegations to be groundless, the matter may then be dismissed and referred back to the Directorate to resolve.
- 4.3 If it appears that a criminal offence has occurred, referral to the Police is a matter for the Chief Executive, the Monitoring Officer and the Service Lead Audit and Risk.
- 4.4 In some cases, it may be necessary to suspend officers from work in order to conduct the investigation. Should it be deemed necessary to suspend an employee, Human Resources will be consulted.

4.5 The investigation will be carried out in a timely manner ensuring that all allegations are properly investigated and reported, whilst ensuring the investigation complies with all:

- Relevant statutory requirements
- Codes of Practice,
- Ethical standards of relevant professional bodies,
- Council policies, including the Equality and Diversity Policy.

4.6 Resources needed for the investigation will be identified and an investigating officer assigned to the investigation. During the course of the investigation, the following actions will be taken:-

- A fraud log will be completed detailing every action taken during the investigation, this will include the dates and times that each action undertaken was carried out;
- As much documentary evidence as possible will be gathered before any interviews are conducted. All evidence must be obtained lawfully, properly recorded and retained securely in accordance with all relevant legislation including the Police and Criminal Evidence Act 1984 and the Criminal Procedure and Investigations Act 1996;
- There should be no attempt to review any data which is stored electronically on the Council's computer equipment that may be required as evidence. Only suitably skilled officers should retrieve this data in such a way as to ensure there is no interference with the original data. This is crucially important if the data retrieved is to be permissible in court;
- Fact finding interviews will be conducted during the course of the investigation. If at any time during these interviews it becomes apparent that a criminal offence may have been committed, a caution must be administered, the interview suspended and an interview under caution must be undertaken that complies with the Police and Criminal Evidence Act 1984;
- All interviews of employees will be undertaken by two people from the investigation team. Normally, one person will ask the questions and the other will take contemporaneous notes. Once the notes have been typed up, a copy will be provided to the employee who will be invited to read them, make and initial any amendments and then sign the interview notes, accepting them as a correct record. It is good practice for the interviewer to counter-initial any amendments to confirm their acceptance. Should there be any disagreement, the interviewer will need to consider the materiality of the amendment and if significant, this should be brought out in the ensuing report,

4.7 In some instances, the investigations may require technical expertise that the investigation team does not possess. In these circumstances, the Service Lead Audit and Risk will discuss with the Corporate Governance Group whether external specialists should be involved.

4.8 Staff should note that failure to cooperate fully with an investigation may itself constitute grounds for disciplinary action.

## **5 Reporting of an incidence of Fraud, Bribery and / or corruption**

5.1 Upon completion of the investigation and subject to the Council's Capability and Conduct procedures where relevant, where an incidence of fraud, bribery and/or corruption is found to have taken place, a report will be produced and issued to the relevant Director and the Corporate Governance Group. This report is to enable informed decisions to be made regarding any further action that may be required.

5.2 The report shall contain:

- a description of the incident/issues alleged including an assessment of the value of any losses;
- the people involved and the means by which the fraud was allowed to occur (highlighting any control and/or operating weaknesses within the systems)
- all possible facts relating to the alleged fraud;
- recommendations to improve/restore the controls and minimise the risk of a re-occurrence;
- a conclusion on the way forward;
- any other relevant material.

5.3 A report on the fraud shall be presented to the Governance Committee at their next meeting following the completion of the investigation. An interim report may be presented if a Governance Committee meeting takes place during an ongoing investigation.

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

6.1 If it is determined on the basis of evidence that a fraud has taken place, unless a referral has been made earlier, the Service Lead Audit and Risk will discuss the matter with the Corporate Governance Group and a decision taken as to whether to refer the matter to the Police.

6.2 In accordance with the Anti-Fraud, Bribery and Corruption Policy, if it is confirmed the Council has suffered financial loss, attempts will be made to recover such losses from the perpetrator.

