

Fraud and Corruption Response Plan v1.0

Fraud and Corruption Response Plan

Version Control

Approved by	Date approved	Date implemented	Document owner	Review date
TBC				

This document is subject to regular review due to legislative and policy changes. The latest version of this document and associated Strategy can be found on the Council's intranet.

Version No.	Date approved	Approved by	Amendment
V1.0	TBC	TBC	Revised fraud response plan

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Fraud and Corruption Response Plan

Introduction

This plan sets out responsibilities for taking action and who needs to be involved, together with the steps that the council will take when fraud, corruption and bribery are reported in order to:

1. Prevent any further loss in the immediate future
2. Secure evidence for any disciplinary, civil or criminal action
3. Ensure processes are strengthened to prevent recurrences.

The plan aims to ensure that the council has a clear and consistent approach to dealing with reported incidents or fraud. This is in line with the objectives set out in the Strategy for the Prevention & Detection of Fraud, Corruption & Bribery, and part of the Council's counter fraud and corruption framework. This plan shall be read in conjunction with Council's Disciplinary Policy.

This plan does not cover reported or identified vulnerabilities where the potential for fraud is increased. This is to be addressed as part of management arrangements, and the relevant Head of Services should make the Chief Internal Auditor aware.

Reporting Suspected Fraud

Staff must raise concerns about fraud, corruption, bribery, money-laundering and any other malpractice. The council's Whistleblowing policy sets out the process for reporting such incidents, and the protections in place for staff who blow the whistle. Key points and who to contact are summarised in the Strategy for the Prevention & Detection of Fraud, Corruption & Bribery.

It is not for staff to actively investigate suspected wrongdoing or gather additional evidence; all investigations will follow this Response Plan.

Suspected fraud may be discovered through other avenues, such as, internal investigation e.g. disciplinary, POVA (Protection of Vulnerable Adults) or internal audits, which must still require that the Monitoring Officer and Section 151 Officer be informed as well as the Chief Internal Auditor.

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The Chief Internal Auditor will record all reported incidents on the fraud log and a summary is provided to the Governance & Audit Committee periodically with a Counter Fraud report included as part of the Internal Audit Annual Report.

Establishing if there are grounds for concern

The Council takes every reported incident of fraud seriously and is intent to fully investigate any suspected acts of fraud, misappropriation or other similar irregularity where possible. Where there is a lack of evidence and/or the facts are not easily established at first sight, further fact-finding will be required. This will be overseen by the Monitoring Officer and the Section 151 Officer who will determine what fact-finding work is required and whether an investigator needs to be involved at this stage. The Chief Internal Auditor will need to be advised and consulted with.

Once the fact-finding is complete, it will be possible to establish:

- There are no grounds for concern and no further action is required
- While there is no evidence of a specific fraud having taken place, work is needed to make processes more secure and/or tighten internal control systems
- While there are concerns about conduct, the matter is not covered by the Strategy for the Prevention and Detection of Fraud, Corruption and Bribery and Corruption should be dealt with under other policies e.g. grievance or disciplinary.
- There is evidence of (attempted) fraud and the case is referred back to the Monitoring Officer to convene the Fraud Response Panel.

Involving the Police

The police will be contacted without a delay when the Monitoring Officer and Chief Internal Auditor considers there is possible criminal wrongdoing. The Fraud Response Panel will decide who best to make contact with the police, usually this will be after the fact-finding is complete. If the police decide that a criminal investigation is necessary, the internal and police investigation will be coordinated where possible, with the police investigation taking priority particularly if the internal investigation could prejudice the police's work e.g. inadvertently alerting those under suspicion or compromising evidence. In all cases, the advice of the police will be followed.

Convening a Fraud Response Panel

The Monitoring Officer or Chief Internal Auditor will convene the Fraud Response Panel where there is evidence of fraud or attempted fraud. The Panel will be formed to determine the best course of action, ensuring advice is taken by appropriate expertise and relevant parties are involved and informed.

The membership of the Panel may be tailored to each case, but will likely consist of the following:

- Head of Legal, HR & Democratic Services / Monitoring Officer (Chair)
- Head of Finance & Property Services / Section 151 Officer
- Chief Internal Auditor
- Head of Service in which the suspected (attempted) fraud occurred
- Strategic HR Manager (for disciplinary matters, HR policies and employee relations)
- Investigating Officer (once appointed)

The Panel's meeting and liaison will depend on the seriousness and complexity of the case. For example, in minor cases it may be suitable to keep the above individuals informed and seek advice as/when necessary via email.

The Monitoring Officer, with the Chief Internal Audit, will decide on the course of action to take upon consideration of the advice of the Panel. Decisions will include:

- Whether the police need to be informed and involved
- Urgent actions required to secure evidence of prevent further loss, including suspending a member of staff
- Immediate measures to address system vulnerabilities, stop payments or apply for an injunction to freeze assets
- Informing insurers
- How to deal with employees under suspicion (in consultation with the Strategic HR Manager)
- Who else needs to be informed and involved

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- What further review and strengthening of council systems and internal control is required

Where it is not appropriate for the Monitoring Officer to be involved, the Section 151 Officer may act in their place.

The panel will be convened and will liaise for as long as the chair deems necessary

Confidentiality

All fact finding investigation and other documents created, collected or otherwise held in relation to the investigation are confidential; as are discussions pertaining to the case.

Meeting locations will be secure.

Requests for access to documents will be considered by the Fraud Response Panel, taking into account any legal requirements and advice from the Council's Data Protection Officer where appropriate.

Accumulated evidence will be held for the period specified in the Council's Retention Schedule or as determined by the Monitoring Officer

Taking immediate action to prevent future loss

The Fraud Response Panel will decide whether it is necessary to take immediate action to prevent further loss. Most likely this will involve staff member(s) being suspended.

Informing the member of staff of the suspension will need to be carefully arranged to prevent any potential to destroy, tamper or remove evidence that may be needed to support disciplinary or criminal action. In such circumstances, the staff member(s) will be approached unannounced and will be supervised at all time before leaving council premises. They may be permitted to collect personal property under supervision, but should not be able to remove any property belonging to the council, including mobile devices. Any security passes or keys to premises, offices etc. will be returned. System logins should be suspended, including remote and mobile access.

Any decision to suspend will be in line with policies and following advice from Human Resources.

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The Panel will determine what other immediate measures are required to prevent further loss and secure evidence. For instance, stopping payments, grants, loans or transactions; strengthening systems or building security; adapting processes; or suspending contract arrangements.

Fraud investigation

Once a decision has been made to launch an investigation, the Panel will agree that an officer is appointed to lead and conduct the investigation. The Investigation Officer may be drawn from the Internal Audit Team if it concerns financial matters or it may be necessary to draw on external investigative resources, either to lead or support the investigation. Whoever is involved must be appropriately qualified and have the requisite knowledge of criminal law, the council's counter fraud, corruption & bribery framework and council disciplinary and other relevant policies.

The Panel and the Investigation Officer will ensure the investigation's terms of reference are clear and aligned with the disciplinary policy, setting out at a high level the:

- Nature of the reported wrongdoing
- Scope and focus of the investigation
- Persons who will work on and support the investigation
- Resources required for the investigation
- Witnesses to be interviewed
- Searches required
- Records to be collected and analysed
- Reporting arrangements, including external parties
- Expected outcomes from the work, including reconstructing the method and means of the suspected fraud, an understanding of the extent and value, gathering evidence and building a case, and identifying vulnerabilities

The Terms of Reference may need to be refined and may evolve as the investigation progresses. The Investigating Officer will discuss and agree any changes with the Lead Officer for the investigation. If significance changes are required, this may prompt the need to reconvene the Response Panel.

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Investigations and searches

The Investigating Officer will hold a preliminary interview or interviews with the person(s) raising the concern, where that has been the reason for the investigation. It will be made clear they will be protected by the council's Whistleblowing Policy.

If the subject of the investigation is to be interviewed by the Investigating Officer, the Officer must be trained and the context of the interview decided on: in particular, whether the interview is for internal disciplinary purposes or for the suspicion of a criminal offence. Interviews for a criminal offence should not be undertaken by staff who are not trained in the requirements of the Police and Criminal Evidence Act 1984. Such interviews must only occur after the police have been consulted.

The Investigating Officer must have the knowledge and skills to conduct any searches legally, both under civil and criminal law, so as not to expose the organization to any undue risk. Again, any searches should be conducted only after the police have been consulted.

Dealing with Employees under suspicion

The Fraud Response Panel will:

- Seek a steer and work with the police, if involved, to determine whether the employee needs to be interviewed under suspicion of having committed a criminal offence.
- Where considered necessary, require the Investigating Officer to arrange a search of the suspected employee's work area and IT records.
- Keep under review and decide whether a member of staff should be suspended
- Allow trade union assistance if requested, to support individuals and to ensure the integrity of evidence

Human Resources will support all staff affected by a fraud investigation, whether directly or indirectly, including directing individuals towards sources of counselling and advice and applying relevant policies. At all times, HR policies will frame and inform actions taken.

Reporting on progress

The Investigating Officer's first point of contact shall be the Monitoring Officer / Chief Internal Auditor or his/her nominee. They will periodically update the Fraud Response Panel, including on:

- The circumstances surrounding the case
- Progress with the investigation
- An estimate of resources and actions required to conclude the investigation and issues arising that might be impeding the investigation
- Quantification of losses
- Recovery action
- Disciplinary action
- Criminal investigation and action
- Weaknesses identified and actions recommended or being taken to address them

Having completed the investigation, the Investigating Officer will agree a report with the Lead Officer (e.g. Monitoring Officer/Chief Internal Auditor) to submit to the Response Group to agree and sign off.

Media liaison and internal communication

The Head of Paid Service will decide on an approach to media engagement and internal communications during and after the investigation following advice from the Monitoring Officer and Response Panel.

Actions from the fraud investigation

The Response Panel will decide what, if any, action should be taken as a result of the investigation; both relating directly to the matter being investigated and, more generally, to prevent and detect similar incidents. The Investigating Officer's report will inform the Group's decisions. But where it is practicable and sensible, some or all actions may be progressed before the report is finalised. Likely areas for action include the following:

Feeding back to the person raising the initial concern

The Response Group will decide how and what stage to provide, in confidence, feedback to the person(s) who raised the initial concerns.

Disciplinary Action

Fraud is gross misconduct under the council's disciplinary policy and may lead to dismissal. The relevant Director/Head of Service will oversee the process, working with HR and the individual's line manager. Guidance must be sought from the Response Group before disciplinary action is initiated. Disciplinary action must follow the set procedure.

Where there is an on-going police investigation, it may still be appropriate for the council to proceed with disciplinary action. Prior to commencing any action, advice will be sought from the police to ensure any criminal investigation will not be compromised. The Council's interest must be taken into account in these circumstances and the Response Group will take a decision as to whether to instigate internal disciplinary proceedings in parallel with any police investigation.

Professional disbarring

The council will inform the individual's professional regulatory body if there is a proven case of fraud. Once again, care should be taken to ensure such a referral does not impact on any criminal investigations. Referrals will be made by the relevant Director/Head of Service.

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Civil Recovery

Recovering losses is a major objective of any fraud investigation. Where the loss is substantial, legal advice will be obtained about the need to freeze, and feasibility of freezing, through the courts, the subject's assets, pending conclusion of the investigation. Legal advice will also be obtained about the prospects of recovering losses through the civil court, where the subject refuses repayment. The council will normally seek to recover its costs in addition to any losses as a result of the fraud; it will balance the need to take action as a deterrent with achieving value for money for the taxpayer. Legal advice should be sought on the appropriate action on a case-by-case basis.

Strengthening systems and learning lessons

Where the investigation identified vulnerabilities in a particular system or process, or a lack of safeguards, the relevant Director/Head of Service will draw up an action plan to address the vulnerabilities. He/she will report back to the Chief Internal Auditor on progress in implementing the actions. Where there are vulnerabilities that cut across council systems, the relevant Head of Service will lead the action planning. He/she will also ensure any wider lessons are learned and acted on.

The Monitoring Officer and Chief Internal Auditor will see that this Response Plan is updated as necessary based on learning from how the case was handled. It will be reviewed periodically alongside the Strategy for the Prevention & Detection of Fraud, Corruption & Bribery Strategy.

Reporting to Governance & Audit Committee

Incidents of fraud will be reported to the subsequent meeting of the Governance & Audit committee. Where the case is serious and ongoing, updates will be provided at subsequent meetings.

The most serious cases of fraud will be reported to the Leader by the Head of Paid Service as soon as the facts are established. The Chair of the Governance & Audit Committee will also be informed. Periodic updates will follow as appropriate.

Dealing with complaints about the investigation

Any complaints by staff will be dealt with under the council's grievance policy as appropriate. Complaints from outside parties will be dealt with under the council's complaints process.