

FRAUD RESPONSE PLAN



Date of Issue	Date of last issue	Next review date
December 2019	December 2018	December 2020

INDEX

1. Introduction
2. Responsibilities
 - All employees
 - Managers
3. Reporting a suspected fraud
 - Action by employees
 - Action by managers
 - Reviewing allegations
 - Malicious allegations
4. Investigation process
5. Disciplinary/Legal action
6. Recovery of loss
7. Further Advice

Appendix 1: The procedure for reviewing allegations (flow chart)

1. Introduction

- 1.1 The Council is committed to sound corporate governance and to protecting the public funds with which it has been entrusted. Minimising any losses to fraud and corruption is an essential part of ensuring that all of the Council's resources are used for the purposes for which they are intended and ensuring we remain ruthlessly financially efficient.
- 1.2 The Fraud Response Plan provides guidance on the action to be taken when a fraud is suspected or discovered and enables the Council to:
 - Minimise and recover losses
 - Establish and secure evidence necessary for criminal and disciplinary action
 - Take disciplinary action against those involved
 - Review the reasons for the incident and ensure that actions are implemented to strengthen procedures, controls and prevent recurrence.
- 1.4 Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation.

2. Responsibilities

ALL EMPLOYEES

2.1 Individual members of staff, including agency staff, are responsible for:

- Acting with propriety in the use of resources and in the handling and use of public funds, whether they are involved with cash or payments systems, receipts or dealing with contractors or suppliers.
- Reporting immediately to their line manager or those named in this policy, if they suspect that a fraud has been committed or see any suspicious acts or events.

MANAGERS

2.2 In addition to those individual responsibilities, managers are responsible for:

- Identifying the risks to which systems and procedures are exposed.
- Developing and maintaining effective controls to prevent and detect fraud.
- Ensuring that controls are complied with.

3. Reporting a suspected fraud

ACTION BY EMPLOYEES

3.1 Staff are encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. Any concerns raised will be treated in the strictest confidence and will be properly investigated.

3.2 Staff are often the first to spot possible cases of wrongdoing at an early stage. Staff should **not** try to carry out an investigation themselves. This may damage any subsequent enquiry.

3.3 In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, your concerns should be reported upwards to one of the following persons:

- Director of Audit, Fraud, Risk and Insurance
- Director of Corporate Services
- Head of Fraud

3.4 Staff may choose to report concerns anonymously or request anonymity. While total anonymity cannot be guaranteed, every endeavour will be made not to reveal the names of those who pass on information.

ACTION BY MANAGERS

3.5 If you have reason to suspect fraud or corruption in your work area, or received information that might suggest wrongdoing, you should do the following:

- Listen to the concerns of staff and treat every report seriously and sensitively.
- 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 secure.
- **Do not** attempt to investigate the matter yourself or covertly obtain any further evidence as this may adversely affect any criminal enquiry.
- Report the matter immediately to the Director of Audit, Fraud, Risk and Insurance; Director of Corporate Services; or Head of Fraud.

REVIEWING ALLEGATIONS

3.6 Once reported the referral should be addressed by the Corporate Anti-Fraud Service and HR function to review any allegation, establish the facts of the statements made, and to recommend an investigation strategy (see flowchart at appendix 1).

MALICIOUS ALLEGATIONS

3.7 If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the person raising the concern. If, however, the allegations are malicious or vexatious, the action may be taken against the person making the allegation.

4. Investigation process

- 4.1 The Corporate Anti-Fraud Service is responsible for initiating and overseeing all fraud investigations and have a dedicated team of trained investigators who will lead the enquiries.
- 4.2 In accordance with Section 67(9) of Police and Criminal Evidence Act, officers of the Corporate Anti-Fraud Service are referred to as, "charged with the duty of investigating offences or charging offenders".
- 4.3 Investigations will be undertaken with consideration for the relevant legislation, regulations and codes. In certain circumstances, investigation work may be carried out by Departmental Management following agreement and liaison with Corporate Anti-Fraud Service and Human Resources.
- 4.4 Investigation results will not be reported or discussed with anyone other than those who have a legitimate need to know. Where appropriate the person raising the concern will be kept informed of the investigation and its outcome.
- 4.5 Interim reports detailing progress and findings may be produced throughout the investigation to assist decision making.
- 4.6 On completion of the investigation, the investigating officer, will prepare a full written report setting out the background, findings of the investigation, and recommendations to reduce further exposure if fraud is proven.
- 4.7 A brief and anonymised summary of the circumstances may be published in the half-yearly Corporate Anti-Fraud Report to the Audit and Pension Scrutiny Committee.

5. Disciplinary/Legal action

- 5.1 Where evidence of fraud is discovered, and those responsible can be identified:
 - Appropriate disciplinary action will be taken in line with the disciplinary procedure.

- Where legal action is considered appropriate, full co-operation will be given to investigating and prosecuting authorities, including the police if appropriate.

6. Recovery of loss

- 6.1 Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained, and the recovery of costs will be sought from an individual(s) or organisations responsible for fraud.
- 6.2 The Corporate Anti-Fraud Service will utilise all relevant powers to recover fraud losses including the use of Financial Investigators working within the realms of the Proceeds of Crime Act.
- 6.3 Where an employee is a member of Council's Pension scheme and is convicted of fraud, the Council 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.
- 6.4 The Council may also consider taking civil action to recover the loss.

7. Further advice

- 7.1 Advice or guidance about how to pursue matters of concern regarding potential fraud or corruption may be obtained from any of the following contacts:
 - Director of Audit, Fraud, Risk and Insurance: David Hughes, 07817 507695
 - Head of Fraud, Andy Hyatt, 07739 313817
 - Fraud Hotline 020 8753 1273

APPENDIX 1: The procedure for reviewing allegations (flow chart)

