

COUNTER FRAUD POLICY AND FRAUD RESPONSE PLAN

Introduction

East Lindsey District Council takes a zero-tolerance stance to all forms of fraud, bribery, corruption and theft, both from within the Authority and from external sources.

We recognise fraud can:

- Undermine the standards of public service that the Council is attempting to achieve
- Reduce the level of assurance and services available for the residents of East Lindsey
- Result in major consequences which reduce public confidence in the Council

FRAUD is a deception which is deliberate and intended to provide a direct or indirect personal gain. The term 'fraud' can include criminal deception, forgery, blackmail, corruption, theft, conspiracy or the covering up of material facts and collusion. By using deception a fraudster can obtain an advantage, avoid an obligation or cause loss to another party. The Fraud Act 2006 has three criminal offences:

- False representation
- Failure to disclose information
- Abuse of position

BRIBERY AND CORRUPTION is the promising, requesting, offering, giving or accepting, directly or indirectly, of an inducement or reward that distorts the proper performance of any duty or behaviour required of the recipient of the offer or bribe, for example:

- The taking of giving of a bribe to secure favourable treatment in the granting of a Council service or contract
- The undue influence to procure a council service or contract

THEFT is where someone steals cash or other property. A person is guilty of theft if he or she dishonestly appropriates (takes, finds, retains) property belonging to someone else without the intention of returning it.

We are committed to the highest possible standard of openness, probity, honesty, integrity and accountability. We expect all staff, councillors and partners to apply these standards which are included in our Code of Conduct, supported by the Council's values.

We will seek to deter and prevent fraud, corruption and theft to ensure that all risks in these areas are reduced to the lowest possible level. Where we suspect or detect fraud, corruption or theft we will thoroughly investigate and deal with any proven fraud in a consistent and balanced way. We will apply appropriate sanctions against those committing fraud and will attempt to recover all losses.

MONEY LAUNDERING is the process by which large amounts of illegally obtained money (from drug trafficking, terrorist activity or other serious crimes) is given the appearance of having originated from a legitimate source.

The term 'money laundering' is used for a number of offences involving the proceeds of crime and these apply to all persons in the United Kingdom in a personal or professional capacity, for example:

- Concealing, disguising, converting, transferring criminal property or Removing it from the UK
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Acquiring, using or possessing criminal property

Scope

This policy applies to:

- All District Council employees and Councillors
- Staff and Committee members of council funded organisations
- The District Council's partners
- The District Council's suppliers, contractors and consultants
- East Lindsey residents

Council Tax Support Fraud

Public Sector Partnership Services (PSPS) Ltd provide the Council's fraud investigation service in relation to Council Tax Support under the provisions of the Council Tax Support Anti-Fraud Policy.

In addition, PSPS provide a single point of contact service, on behalf of the Council, to support DWP's single fraud investigation service in relation to Housing Benefit.

Aims and Objectives

We aim to:

- Reduce fraud and loss within the Council to an absolute minimum and maintain that level
- Protect the Council's valuable resources by ensuring that they are not lost through fraud but are used for improved services to East Lindsey residents
- Create a Counter Fraud culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft, which defines roles and responsibilities and actively seeks to engage everyone – the public, staff,

- Wherever possible identify potential areas where money laundering might occur and we will comply with all legal and regulatory requirements associated with actual or suspected cases of money-laundering

- Provide an Internal Audit service which:
 - will proactively deter, prevent and detect fraud, corruption and theft
 - provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity

Principles

There is an expectation and requirement that all individuals and organisations associated with the Council will act with integrity and that our staff and members, at all levels, will lead by example in these matters.

Fraud is a crime and will result in disciplinary, legal and/or criminal action against the individual concerned. We will ensure consistency, fairness and objectivity in all our investigation work - everyone will be treated equally. There is an agreed referral process to the Police which is included later in this document.

We want everyone to report any genuine suspicions of fraudulent activity and we offer full protection under our whistleblowing policy for anyone who raises a concern that, in their reasonable belief, is in the public interest. However we will not tolerate malicious or vexatious allegations or those motivated by personal gain and if proven, we may take disciplinary or legal action.

Staff are required to operate within the Council's Contracts and Financial Procedure Rules as well as operating within section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the authority or fees or rewards other than proper remuneration. Staff are required to declare with their line manager and register with the monitoring officer any potential areas of conflict between their duties and responsibilities whilst acting on behalf of the Council and any other areas of their personal or professional lives.

Under the Bribery Act 2010 it is a criminal offence for an employee to request, receive, agree to receive, promise, offer or give any gift, loan, fee, reward or advantage for doing or not doing anything or showing favour or disfavour to any person in their official capacity.

Responsibilities

Stakeholder	Specific Responsibility
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	To advise Councillors and Officers on ethical issues, standards and powers to ensure the Council operates within the law and statutory codes of practice.
S151 Officer	Jointly with the Chief Executive to ensure the Council has an adequately resourced and effective counter fraud and Internal Audit service as well as ensuring the delivery.
Audit & Governance Committee	To monitor the Council's policies and consider the effectiveness of the whistle-blowing and counter fraud and corruption arrangements
Councillors	To support and promote the development of a strong counter fraud culture.
External Audit	Statutory Duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft. Subject to the concept of materiality, provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity.
Internal Audit	To develop and assist in the implementation of the Counter Fraud Policy and promptly investigate cases of suspected fraud reported under this policy, via the Whistle-blowing arrangements or the National Fraud Initiative. To make recommendations to improve controls and reduce the risk of fraud in the future.
Managers	To promote staff awareness, refer all suspected fraud and apply the policy of zero-tolerance. To ensure that they assess the risk of fraud, corruption and theft in their service areas and reduce these risks by implementing strong internal controls.
Staff	To comply with the Council's policies and procedures, to be alert to the possibility of fraud, corruption, theft and to report any genuine concerns to their manager, Internal Audit or via the Council's Whistle-blowing arrangements.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns/suspicious.

Approach to Countering Fraud

We will fulfil our responsibility to reduce fraud and protect our resources by completing work in each of the following areas.

DETERRENCE	We will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work and fraud investigations (as the law allows)
PREVENTION	We will strengthen measures to prevent fraud – we will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed
DETECTION	We will continuously assess those areas most vulnerable to the risk of fraud. These risk assessments will inform proactive fraud work plans. Internal audit will carry out work in high risk areas, as well as the PSPS Counter Fraud team, to detect existing and new types of fraudulent activity
INVESTIGATION	We will continuously assess those areas most vulnerable to the risk of fraud. These risk assessments will inform proactive fraud work plans. Internal audit will carry out work in high risk areas, as well as the PSPS Counter Fraud team, to detect existing and new types of fraudulent activity
SANCTIONS	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may be legal, criminal and disciplinary action where appropriate
REDRESS	A crucial element of our response to tackling fraud is recovering any money lost through fraud – this is an important part of our strategy and will be rigorously pursued where appropriate

Outcomes

Investigation itself does not represent the outcomes of counter fraud work. We recognise that by preventing fraud we will reduce losses and the delivery of our counter fraud work plan will improve overall outcomes and achieve the aims and objectives of this policy. We will measure the effectiveness of our counter fraud arrangements by focussing on outcomes such as;

- High levels of fraud awareness (survey results)
- Zero tolerance to fraud (number of referrals/ensuring suspicions reported and action taken)
- Reduced losses (a low incidence of fraud)
- Delivery of pro-active fraud work
- Reducing the risk of fraud by providing assurance on areas of highest

- fraud risk that controls are adequate
- Successful prosecutions, other sanctions and recovery of losses
- Successfully engaging with partners (such as the NFI)

We will monitor these outcomes and using a range of measures will report to the Council's Audit and Governance Committee on an annual basis.

Reporting, Advice and Support

If you genuinely believe that someone is committing a fraud or you suspect corrupt practices, these are your reporting options:

- Your line manager (or a more senior manager if you suspect your line manager is involved)
- Chief Executive
- Section 151 Officer
- Internal Audit Manager
- Monitoring Officer
- Whistle blowing facility

Telephone: 0800 0853716

Email: whistleblowing@lincolnshire.gov.uk

In writing: Lincolnshire Local Authorities
PO Box 640
Lincoln
LN1 1WF

To avoid potentially contaminating the evidence, managers should not investigate themselves and instead immediately report all suspicions.

We will treat all concerns or suspicions with discretion and confidence. If you need any advice or support or would like to report a concern please contact:

- Christine Marshall, Deputy Chief Executive (Corporate Development) & S151 on 01775 761161 or via christine.marshall@sholland.gov.uk or
- The Counter Fraud Team on 0800 0853716 or via email at whistleblowing@lincolnshire.gov.uk

Further Information

Financial and Contracts Procedure Rules
Codes of Conduct

Council's Constitution
Whistle blowing Policy

Fraud Response Plan

The Council's approach to prosecution and sanctions is set out below, there are separate policies dealing with fraud.

In accordance with its objective of deterring fraud and dishonesty, the Council will pursue any remedies at its disposal, including prosecuting and recovering its losses from those responsible, and (in the case of employees) taking disciplinary action.

Where there are fraud concerns identified (or reasonable grounds for believing that a criminal offence has been committed) whether by a Councillor, employee or member of the public, the matter will be reported to the Chief Executive, Deputy Chief Executive and Section 151 Officer and initially be investigated and assessed by the Internal Audit section or by the LCC Counter Fraud team. If there is insufficient evidence to proceed, a record of the decision will be made and feedback provided to the referrer.

Where there is believed to be sufficient evidence to proceed, the Chief Executive, Deputy Chief Executive and Section 151 Officer will be notified and a strategy meeting will be held with the Assistant Director, Internal Audit Manager, relevant Team Leader and Human Resources. Consultation will depend on the nature and scope of the case.

The purpose of the strategy meeting will be to identify the type of investigation required:

- Management investigation
- Internal Audit investigation
- Police investigation

Officers will be clear, open and consistent and action taken will be proportionate. When deciding whether to refer a matter to the Police, or consider other sanctions, officers will make a decision at the most appropriate time using the best available information. Officers will take into account, as far as possible, the Code for Crown Prosecutors including evidential and public interest tests.

It is possible that a Management or Audit investigation could run concurrently with a Police investigation.

Where the fraud is proven there will be a management decision whether to try and recover losses, and whether disciplinary action is appropriate.

Where matters are referred to the Police, Council officers having any involvement in it will be expected to give the Police their full co-operation, and must take care not to do anything to prejudice the investigation.

On completion of their investigations, the Police and/or the Crown Prosecution Service will decide whether or not to prosecute, having regard to the Code for Crown Prosecutors.

The Code lays down a two stage test. The first stage is to consider whether there is sufficient evidence to prove the offence beyond reasonable doubt. The second stage is to consider whether a prosecution would be in the public interest.

Recovery of losses

Wherever possible, the Council will take any steps it can to recover any losses resulting from fraud or dishonesty from those responsible. This may include asking the Police to apply for a compensation order, where the person responsible is prosecuted, taking proceedings in the civil courts, deducting any losses from sums owing to the person responsible, so far as the law allows.

Do's and Don'ts

Don't delay – report the matter quickly
Don't alert, approach or accuse individuals
Don't tell other people about your concerns
Don't investigate yourself

Do write down your suspicions
Do keep any evidence safe
Do tell us who you are
Do keep calm

Further details and information on safeguarding your confidentiality can be found in the Council's Whistleblowing Policy.