Fraud response plan
Contents

1 Introduction

2 What is fraud and corruption?

3 What should an employee do if they suspect fraud, corruption and financial misconduct?

4 What should the Human Resources employees do if they suspect fraud, corruption or financial misconduct?

5 What should a member of the public, a partner or a contractor do if they suspect fraud, corruption or financial misconduct?

6 Investigation of allegations of fraud, corruption and financial misconduct

7 Conclusion of the investigation
1. Introduction

1.1. North Lincolnshire Council is committed to the highest possible standards of openness, probity and accountability in all its affairs.

1.2. This Fraud Response Plan reinforces the Council’s zero tolerance of fraud by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud or corruption and how the Council will deal with such allegations.

2. What is fraud and corruption?

2.1. Fraud is any action taken by an individual, group or organisation which is designed to facilitate dishonest gain at the expense of (or loss to) the Council, the residents of North Lincolnshire or the wider national community.

2.2. Corruption is defined as an act done with the intent to give some advantage which is inconsistent with a public servant’s official duty and the rights of others. In the public sector it can also be defined as the abuse of power by a public official for private gain. Forms of corruption vary but include bribery, extortion, nepotism, cronyism, embezzlement.

2.3. Examples of fraud and/or corrupt acts include:

- Systems Issues - where a process/system exists which could be at risk to abuse by either employees or public for personal gain
- Financial Issues - where individuals or companies have fraudulently obtained money, services or concessions from the council
- Employee fraud - for example, false or exaggerated overtime/mileage claims and working hours (flexi time)
- Misuse of council equipment - where council equipment or assets are used for personal use such as Council vehicles, computer equipment or internet access
- Abuse of position – an employee using their position within the Council for personal gain or to the detriment of the Council
- Financial misconduct – for example misuse of Council accounting systems

2.4. This list is not exhaustive and there may be other activities undertaken by employees that are unlawful, contravene Council policies and procedures (particularly in relation to procurement or financial rules) or amount to improper conduct.
2.5. If you are in any doubt about the seriousness of your concern, advice and guidance can be obtained from Audit and Assurance on 01724 296666.

3. **What should an employee do if they suspect fraud, corruption and financial misconduct?**

3.1. Employees are often the first to realise that there is something seriously wrong within the council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

3.2. Employees, partners, the public and contractors should be aware that if there is a suspicion of fraud then they are obliged to report it.

3.3. To make a complaint, employees should follow the guidance in the Council’s Whistleblowing Policy.

3.4. The Whistleblowing Policy is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem, informing the media or other external bodies. The relevant Trade Unions and professional organisations have been consulted in respect of this policy. A full copy of the Whistleblowing Policy can be viewed on the Council website.

3.5. In general contact with the police should only be made by Audit and Assurance. This enables the police to have a single point of contact in the Council, and to identify officers who will have familiarity with Council affairs. It also helps in managing and reporting on fraud and corruption within the Council. The Whistleblowing Policy provides alternative methods of reporting, including reporting directly to the police where this is necessary.

3.6. The individual making the allegation (or their line manager) **must not**:

- contact the suspected perpetrator in an effort to determine facts or demand restitution
- discuss the case facts, suspicions, or allegations with anyone unless specifically asked to do so by the Monitoring Officer; Audit and Assurance, Legal Services or the Human Resources.
- attempt to personally conduct investigations or interviews or question anyone unless asked to do so by the Monitoring Officer; Audit and Assurance, Legal Services or the Human Resources.
4. What should the Human Resources employees do if they suspect fraud, corruption or financial misconduct?

4.1. Issues around staff performance or behaviour are investigated under the Council’s disciplinary procedures by line managers / Human Resources. If the HR officer suspects that the issue involves potential fraud, corruption or financial misconduct then they should raise their concerns with their line manager, who will alert, if necessary, the Head of Audit and Assurance. That officer will assess whether the nature of the allegations come under the scope of the Fraud Response Plan.

4.2. Similarly once a disciplinary investigation begins, should fraud, corruption or financial misconduct issues emerge, the Head of Audit and Assurance should be contacted as soon as possible for advice on how to proceed. Interviews should only take place once this advice has been received (which may include an agreement on which issues could proceed and others which should not) to ensure, as far as possible, that any evidence collected will not adversely impact any potential criminal investigation.

5. What should a member of the public, a partner or a contractor do if they suspect fraud, corruption or financial misconduct?

5.1. The council encourages members of the public, partners or contractors to contact the council should they suspect fraud, corruption or financial misconduct.

5.2. A referral can be made:

- By e-mail to hotline@northlincs.gov.uk
- By telephone to 01724 296666
- Or in writing to: Audit and Assurance, North Lincolnshire Council, Hewson House, Station Road, Brigg, DN20 8YE.

6. Investigation of allegations of fraud, corruption and financial misconduct

6.1. The Council will deal with all allegations of fraud in the most appropriate manner depending on the circumstances of the case. All investigations will be conducted in accordance with the relevant Council policies and procedures and where appropriate criminal legislation.
6.2. The Council accepts that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will receive information about how the matter is being addressed.

6.3. In the first instance a suitably trained investigator will conduct a preliminary investigation and report to the Head of Audit and Assurance who will decide (in conjunction with the Human Resources and relevant service leads) on the most appropriate action to take. This may include following the complaints process, the disciplinary process and/or a criminal investigation (including referral to the Police).

6.4. This officer may also decide to take no further action where there is insufficient information to justify an investigation.

6.5. Investigating staff will observe the legal and procedural rights of those under investigation as defined in law and in Council policies. They will maintain the security, privacy and integrity of the evidence they collect and ensure that it is prepared to a suitable standard for successful presentation at internal or external hearings or courts. They will therefore be appropriately trained and qualified.

7. Conclusion of the investigation

7.1. Once the investigation has been completed, a report will be prepared which states the facts discovered by the investigation. A recommendation will be made as to the appropriate course of action to be followed. This can include a disciplinary hearing, criminal proceedings or no further action.

7.2. The Council will seek to recover any financial loss through the appropriate mechanism. This may involve either civil or criminal proceedings where it is in the public interest to do so.

7.3. Where weaknesses in system controls have been identified during an investigation, a report and recommendations will be made advising management as to how the controls can be improved to prevent any recurrence of fraud or corruption.

7.4. Summary information about the incidence of fraud and corruption and the outcomes of investigations will be presented in the annual fraud report.

7.5. The results of investigations will be fed into the annual audit plan and management will be required to take measures to rectify any identified system weaknesses.