

SAFE WELL PROSPEROUS CONNECTED

# Fraud Response Plan

## Contents

- 1 Introduction
- 2 What is fraud and corruption?
- 3 Employee responsibilities
- 4 Human Resources responsibilities
- 5 Reporting process for members of the public, partner organisations or contractors that suspect fraud, corruption or financial misconduct
- 6 Investigation process
- 7 Conclusion of an investigation
- 8 Review

## 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. The council's Anti-Fraud and Corruption Strategy makes it clear that the council is committed to a zero-tolerance approach to fraud and corruption from both internal and external sources. Where fraud or corruption is suspected the council will deal with the allegations seriously.
- 1.3. The Fraud Response Plan reinforces the council's zero tolerance approach to fraud and corruption 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:
  - Fraud committed by members of the public - where individuals or companies fraudulently obtain (or attempt to obtain) money, services or concessions from the council, for example by making false claims for Council Tax support and discounts, Business Rates reliefs or for Adult Social Care payments
  - Fraud committed by employees or councillors - where an employee/councillor makes false claims for expenses, mileage claims, overtime or for hours worked (flexi time) or other concessions available to them as a council employee
  - Misuse of council equipment - where council equipment or assets are used for personal use such as council vehicles, stock, equipment, computers or internet access
  - Abuse of position – where an employee or councillor uses their position within the council for personal gain or to the detriment of the council

- Financial misconduct – where an employee or councillor deliberately manipulates or misreports financial information, or deliberately fails to follow the council’s financial procedure (and other) rules
- Bribery – where an employee or councillor offers or accepts a bribe or inducement to encourage that person to perform their functions or activities improperly, or to reward a person for having already done so, where there is an expectation that those functions are performed impartially or in good faith. For further information see the councils Anti-Bribery Policy
- Theft - includes the taking without authority of physical assets, such as computer equipment or other consumable items. It also covers the taking of personal information held by the council and intellectual property rights without consent.

2.4. This list is not exhaustive and there may be other activities undertaken by employees that may be 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 01472 326298 (option 1).

### **3. Employee responsibilities**

3.1. All employees, partners and contractors have an obligation to report suspicions of fraud, corruption or financial misconduct.

3.2. Where an employee suspects that a member of the public is defrauding the council, they should report their suspicions to the Audit & Assurance team. Some services have specific procedures to do this (such as local taxation and benefits). For those that do not, employees can raise their concerns by e-mail to [benefitfraud@northlincs.gov.uk](mailto:benefitfraud@northlincs.gov.uk), or by telephone to 01472 326298 option 1. Further information is available on TOPdesk (search ‘fraud’).

3.3. Employees are often the first to realise that there is something seriously wrong within the council. They may have suspicions about another employee’s conduct, that of a councillor or of a partner organisation. However, they may not express these concerns because they feel that speaking up would be disloyal to their colleagues or to the council. They may also fear harassment or victimisation. Therefore, it is essential that employees feel safe to report these concerns.

3.4. The council’s Reporting a concern policy (also referred to as Whistleblowing) provides a secure framework to enable staff to raise concerns within the Council.

Legislation also provides protection for employees who make disclosures about alleged fraud, corruption or financial misconduct that are in the public interest. To make a disclosure about a council employee, employees should follow the Reporting a concern (whistleblowing) policy. This can be found on TOPdesk.

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 Reporting a concern (whistleblowing) policy provides alternative methods of reporting, including reporting directly to the police where reporting internally may not be appropriate.

3.6. The employee 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 Head of Audit and Assurance, Head of Legal and Democratic Services or Human Resources (or an officer acting on their behalf).
- attempt to personally conduct investigations or interviews or question anyone unless asked to do so by the Head of Audit and Assurance, Head of Legal and Democratic Services or Human Resources (or an officer acting on their behalf).

#### 4. Human Resources responsibilities

4.1. Issues around staff performance or behaviour are investigated under the council's disciplinary procedures with the support of 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 (or their deputy). 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 (or their deputy) 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. Reporting process for members of the public, partner organisations or contractors that 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:

- Using the online [fraud referral form](#)
- By e-mail to [benefitfraud@northlincs.gov.uk](mailto:benefitfraud@northlincs.gov.uk)
- By telephone to 01472 326298 option 1
- Or in writing to: Audit and Assurance, North Lincolnshire Council, Hewson House, Station Road, Brigg, DN20 8YE.

5.3. Should an allegation of fraud, corruption or financial misconduct be received via the council's complaints team this should be raised with the Head of Audit and Assurance (or their deputy) as soon as possible for advice on how to proceed.

## 6. Investigation process

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. For suspicions reported under the Raising a concern (whistleblowing) policy, the process for investigation is covered in that policy.

6.3. For all other allegations of fraud, corruption or financial misconduct, a suitably trained investigator will conduct a preliminary investigation and report to the Head of Audit and Assurance (or his deputy) who will decide (in conjunction with the Human Resources and relevant service leads where necessary) on the most appropriate action to take. This may include following the complaints process, the disciplinary process, making a referral to another agency (such as the Department for Work and Pensions or Police), or conducting an internal investigation.

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 an 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 may include:

- management action
- disciplinary hearing
- criminal proceedings
- no further action.

This list is not exhaustive and decisions will be made on a case by case basis.

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.

## **8. Review**

8.1. The Fraud Response Plan will be reviewed biannually.