

# **COUNTER FRAUD and ANTI-CORRUPTION POLICY/STRATEGY**

## **CONTROL**

Owner / Policy Lead Officer: Chief Finance Officer / Audit Manager

Location: City Hall, Beaumont Fee, Lincoln

Consultation/Approval Audit Committee / Executive

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### 1.INTRODUCTION

Fraud affects the UK across all sectors and causes significant harm.

The City of Lincoln Council takes a zero-tolerance stance to all forms of fraud, corruption and theft, both from within the Authority and from external sources. We recognise fraud can impact on our organisational and strategic objectives and:

- undermine the standards of public service that the Council is attempting to achieve
- reduce the level of resources and services available for the residents of Lincoln
- result in major consequences which reduce public confidence in the Council

#### **The Council's Policy Statement:**

***The Council is opposed to any form of fraud or malpractice. The Council is committed to operating in an open and honest way in order to:-***

- ***Prevent , deter and detect fraud and malpractice;***
- ***Allow scrutiny and investigation to take place, both internally and externally***
- ***Allow rigorous enforcement to take place; and***
- ***Reinforce good practice and prevent reoccurrence***

This policy is supported by senior management and elected members The aim is to ensure that we have a clear counter fraud and corruption culture, which is part of daily business, which links to our strategy of Govern, Acknowledge, Prevent, Pursue and Protect.

## **2.SCOPE**

This Policy/Strategy applies to:

- All City Council employees and Councillors
- Staff and Committee members of council funded organisations
- The City Council's partners
- The City Council's suppliers, contractors, and consultants
- City of Lincoln residents, businesses, and other stakeholders/third parties

### **Fraud Descriptions**

#### **What is Fraud?**

The Fraud Act 2006 details the legal definitions of fraud and is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.

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 the following criminal offences:

- False representation
- Failure to disclose information
- Abuse of position
- Obtaining services dishonestly and of possessing,
- Making and supplying articles for use in fraud

#### **What is Corruption?**

Corruption is the offering or acceptance of inducements for direct or indirect personal gain designed to influence official action or decision making. These inducements can take many forms.

#### **Bribery Act 2010**

The Bribery Act 2010 reforms the criminal law to provide a new, modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery at home or abroad.

Bribery - 'the offering, promising, giving, soliciting, agreement to accept or acceptance of a financial or other advantage which may induce or reward a person to perform improperly a relevant function under 'The Bribery Act 2010.'

#### **Bribery Act Offences**

The Act creates the following offences relevant to the Council:

- Offences of bribing another person,
- Offences relating to being bribed; and
- Offences relating to the bribery of foreign public officials.

See the Councils separate Anti-bribery policy

### **What is Theft?**

Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles and data. A person is guilty of theft if he or she dishonestly takes property belonging to someone else and has no intention of returning it. Theft does not necessarily require fraud to be committed.

### **What is Money Laundering?**

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back. Detailed guidance is set out in the Council's Anti-Money Laundering Policy.

## **3. AIMS AND OBJECTIVES**

We aim to:

- Reduce fraud and loss to an absolute minimum
- Protect the Council's valuable resources and reputation by ensuring they are not lost through fraud but are used for improved services to Lincoln residents
  
- Create a Counter Fraud culture which in beating fraud and corruption is part of daily business and highlights the Council's zero tolerance of fraud, corruption and theft, which defines roles and responsibilities and actively engages everyone – the public, staff , managers and policy makers
  
- Provide the best counter fraud service which will
  - Proactively deter, prevent and detect fraud, corruption and theft
  - Investigate suspected or detected fraud, corruption of theft
  - Enable the Council to apply appropriate sanctions and recover all losses
  - Provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

Effective counter fraud and anti-corruption arrangements are part of good governance and the wider governance framework of the Council (the Council's "Code of Corporate Governance). The Council recognises the importance of developing a culture that is resilient to these threats.

Where possible, we will look at opportunities to improve resilience and also achieve financial savings from fraud work.

A number of specific measures have been set to measure counter fraud outcomes (Section 7).

## **4.STRATEGY**

This strategy draws on best practice from the 2020 Fighting Fraud and Corruption Locally Strategy

Our strategy is based upon five key principles: Govern, Acknowledge, Prevent, Pursue and Protect.



Accompanying the five principles are six overarching themes to assist the organisation ensure that our counter fraud response is comprehensive and effective. These are often referred to as the six Cs.

### **Culture**

Create a culture in which beating fraud and corruption is part of normal business

### **Capability**

Ensuring that the range of counter fraud measures deployed is appropriate to the fraud risks

### **Capacity**

Deploying the right level of resources to deal with the level of fraud risk

### **Competence**

Having the right skills and standards in place

### **Communication**

Raising awareness, deterring fraudsters sharing information and celebrating success

## **Collaboration**

Working together across internal and external boundaries with colleagues and other agencies, sharing resources, information skills and learning

### **4.1.Govern**

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the right tone from the top and having arrangements in place that are designed to promote and ensure probity and propriety in the conduct of the Council's business.

The Council will ensure there are robust arrangements and executive support to ensure antifraud, bribery and corruption measures are embedded throughout the organisation. This is further outlined in the roles and responsibilities section below.

The internal arrangements that are put in place will be communicated throughout the organisation and be publicly available to demonstrate the culture and commitment to preventing fraud. That will include the Counter Fraud and Corruption Policy/Strategy, other counter fraud policies and the counter fraud action plan.

The Council will communicate its' activity and successes.

The Council has a zero-tolerance policy approach to fraud and corruption, which will be monitored and included within update reports.

This counter fraud and corruption policy/strategy and the annual counter fraud action plan applies to all aspects of the local authority's business. It will be communicated throughout the Council and acknowledged by those charged with governance (CMT, Audit Committee, Executive)

The Council has put in place arrangements to prevent and detect fraud and corruption in line with this strategy and the effectiveness of these arrangements is reported to Audit Committee within half yearly reports.

### **Programme of work (the counter fraud and corruption annual plan)**

There is a programme of work to ensure a strong counter fraud culture across the Council led by officers with counter fraud responsibility.

The annual counter fraud action plan is agreed by Corporate Management Team and the Audit Committee, and also reflects resources available. The action plan is mapped to fraud risks.

Outcomes from the plan are reported as part of the half yearly fraud reports. Statistics are collated by relevant sections/teams and included.

The plan covers all areas of the local authority's business and may include activities undertaken by contractors and other third parties. The plan includes proactive counter fraud work which covers risks identified in the fraud risk assessment (the fraud risk register).

Fraud projects may be undertaken using data analytics where possible.

Where appropriate the fraud response plan / counter fraud action plan is linked to the internal audit plan (there may be some specific internal audits being undertaken)

The Lincolnshire Counter Fraud Partnership is a key element of the action plan.

### **Collaboration and benchmarking**

Officers with counter fraud responsibility work jointly with other agencies as appropriate.

The Council collaborates through the Lincolnshire Counter Fraud partnership, a collaboration of Lincolnshire Councils, led by Lincolnshire County Council.

The Council may share data across its own Directorates and between other agencies, in line with data protection laws.

### **BENCHMARKING AND PARTNERSHIPS**

The Council will participate in County wide (and other) partnerships where these can add value to existing arrangements, such as the Lincolnshire Counter Fraud Partnership. To help evaluate the experience of fraud and effectiveness of fraud risk management the council will participate in comparative or benchmarking activities (e.g. CIPFA )

The County Finance Officers group has a role in reviewing proposed fraud projects, particularly those which involve collaboration across the different Councils of Lincolnshire.

Other current partnerships include DWP/SFIS for housing benefit

Where there are counter fraud activities conducted collaboratively or where there is sharing of fraud resources, these arrangements will be set out in appropriate agreements in terms of the arrangements and responsibilities

The Council also aims to ensure that its counter fraud arrangements meet best practice – from CIPFA and the Government – the Council will seek support of LCFP to help review its self-assessment.

### **COUNTER FRAUD STRATEGY ROLES**

#### **The Chief Executive**

Ensures the right tone from the top

Ensures that the authority is measuring itself against best practice

Ensures there is trained counter fraud resource in the organisation or the council access to one

Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption

### **CMT (Corporate Management Team)**

CMT collectively own and support the Counter fraud policy/strategy and have a responsibility to help improve awareness and promote appropriate behaviours.

CMT will review the fraud risk register alongside the strategic risk register at least annually or on a six monthly basis (by exception). CMT will periodically review fraud outcomes, fraud work plan and resources. CMT will review and approve any changes to the Counter fraud policy/strategy.

### **Assistant Directors, Managers, Team Leaders**

The AD group will monitor the policy/strategy, fraud risk register (annually or six monthly), and action plan with the CFO.

AD's and Service managers will promote staff awareness, refer all suspected fraud and apply the policy of zero tolerance (the opposition to any form of fraud or malpractice). They will assess the risk of fraud, corruption and theft in their service areas, help maintain the corporate fraud risk register, and reduce these risks by implementing strong internal controls. They will take ownership of actions within their service area.

### **The Section 151 officer/CFO**

The S151 officer, assesses resources and capability, including internal audit and other service areas where there is a counter fraud response.

Where appropriate officers have sufficient access to carry out their work.

Ensuring a Portfolio Holder has counter-fraud within their remit.

Activity is reported upon, including success and future plans

Officers are independent of process, as far as possible.

Working with other colleagues / LCFP to horizon scan future fraud risks.

The Chief Finance Officer will be the accountable person to lead the organisation's approach and implement the policy. The CFO will work closely with the Chief Executive, CMT and Assistant Directors, City Solicitor as well as Internal Audit and partners to ensure the Council has adequately resourced and effective counter fraud arrangements. The CFO will monitor the risk register and fraud work plan with AD group

### **Internal Audit**

To assist in the development and implementation of the Counter Fraud Policy and fraud risk assessment; investigate cases of suspected fraud where appropriate. To consider fraud risk and to make recommendations to improve controls and reduce the risk of fraud in the future.



To participate in counter fraud partnerships.

The Assurance Lincolnshire partnership provides access to a dedicated counter fraud team.

Reviews whistleblowing communications, alongside statutory officers and the HR Manager

### **Officers leading on counter fraud and corruption**

Across the Council there are a range of officers with responsibility for counter fraud activity, as part of regular service-based activity or specific projects.

### **The Monitoring Officer**

Members, audit committee and portfolio leads are aware of counter fraud activity and counter fraud training is available to them.

To advise Councillors and Officers on ethical issues, standards and powers to ensure the Council operates within the law and statutory Codes of Practice. To adopt responsibilities set out in relevant counter fraud policies. To liaise with officers responsible for Counter fraud delivery

### **The Audit Committee**

Receives a report at least once a year (usually two reports) on the counter fraud activity, and risk assessment, which includes proactive and reactive work and how resources are being allocated. The external auditor is also aware.

The audit committee support proactive counter fraud activity and this is included within their terms of reference. The audit committee can provide challenge to the level of activity to ensure it is appropriate in terms of fraud risk and resources.

The Audit Committee will be made aware of what counter fraud activity can be undertaken and link with the various national reviews of public audit and accountability. The relevant portfolio holder is also up to date and understands the activity being undertaken to counter fraud and corruption.

To monitor the Council's counter fraud and corruption policies / strategies and consider the effectiveness of the whistle blowing and counter fraud and corruption arrangements including reviewing and monitoring the counter fraud work plan and actions.

### **The Portfolio Lead**

Receives a regular report that includes information, progress and barriers on fraud risk and mitigation

### **Human Resources**

Are responsible for providing advice in cases involving disciplinary investigations and disciplinary action.

### **Ethics and Engagement Committee**

Promoting and maintaining high standards of conduct by elected Members and co-opted Members

### **Councillors**

To support and promote the development of a strong counter fraud culture

### **External Audit**

The external auditor has a responsibility to review the authority's arrangements to prevent and detect fraud and corruption and seek appropriate assurances

### **Employees**

To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, theft and to report any genuine concerns

### **Lincolnshire County Finance Officer Group**

This group has a role in working together on counter fraud and considering initiatives linked to specific fraud risks; it also acts as a liaison point for the LCFP

### **Lincolnshire Counter Fraud Partnership (LCFP)**

The LCFP is a partnership involving all the 8 Councils of Lincolnshire. It helps co-ordinate counter fraud projects, identify risks and improve awareness and training.

## **4.2. Acknowledge**

The Council assesses and understands its key fraud risks. The risks of fraud and corruption are considered as part of the Council's overall risk management strategy.

We acknowledge that we must respond to ever increasing and sophisticated threats.

In order to create an appropriate counter fraud response the Council must acknowledge and understand its fraud risks. It then commits the right support and appropriate resource to tackle fraud.

Some examples include housing benefit/ council tax support, tenancy fraud, council tax fraud, cyber fraud.

We communicate the risks to those charged with Governance, including the Corporate management team and the Audit Committee

The risk assessment ensures a proper assessment of its fraud and corruption risks, and this feeds into the fraud and corruption action plan (the fraud response) to deal with them.

Fraud loss estimates (local and national) are used to help assess the risk of fraud where these are available.

Mitigation actions which are relevant to reduce the risk level are included within the register. These include internal control measures which will be used to prevent fraud occurring or aid early detection.

The fraud risk register will be reviewed and monitored by CMT and Audit Committee (at least annually) including actions. Detailed monitoring will take place by the CFO and AD group. This will include monitoring any actions in response to the risks of fraud and corruption.

Where there are significant or increasing fraud risks these will be brought to the attention of management.

Service Managers will escalate fraud risk concerns to their Assistant Director and CFO where appropriate and discuss mitigation.

Fraud risk assessment will be undertaken for significant new operations or changes in processes.

This strategy recognises the increase in Economic crime which refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This can include fraud against the individual, private sector and public sector, terrorist financing, sanctions contravention, market abuse, corruption and bribery, the laundering of proceeds of all crimes.

## **Resource**

The Council assesses the risks (and potential future risks) and commits proportionately the right level of support and resources. This assessment includes the understanding of the harm that fraud may do in the community (see the Protect strand to this strategy).

Not every local authority requires a large team; the Council assesses the current fraud risk levels and tailors the action plan accordingly. This includes access to resources with the right capabilities and skills. This could be existing staff, bought in resource, or a mix of the two. The Council can also draw on expertise within the Lincolnshire Counter fraud partnership.

Investigations will comply with appropriate regulations and procedures.

The Council has registered with the FFCL Knowledge Hub, so it has access to directories and other tools.

Where appropriate staff will be professionally trained and accredited, or this resource will be bought in. The Council has access through partnerships/ other local authorities/ or funds to buy in for specialist staff for example surveillance, computer forensics, asset recovery, financial investigations. Officers involved within Counter fraud activity have adequate knowledge and skills.

Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.

The Council will aim to benchmark fraud resources, with the LCFP, which supports counter fraud activity and the work plan.

Resources are already used to

- Facilitate the CoIC/DWP/SFIS partnerships
- Manage and investigate NFI cases
- Liaise with the LCFP
- Deliver linked projects / Fraud action plan
- Implementing the tenancy fraud strategy
- Assessing and managing fraud risks
- Investigating fraud cases
- Receive and monitor whistleblowing cases
- Develop and deliver fraud training
- Receive and communicate current fraud risks/threats

### **4.3. Prevent (and Detect)**

It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event. This is key to developing a more effective anti-fraud culture.

The Council will make the best use of information and technology to help prevent and detect fraud.

Fraud controls and processes where possible will be enhanced. This is an ongoing process and is also part of the fraud risk register review alongside other review work. Where possible the Council will set in place controls to prevent fraudsters from accessing services.

For example the technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used and should be applied internally and externally for example to potential employees as well as service users.

Prevention measures and projects are undertaken using data analytics where possible.

Audit and other staff are consulted to fraudproof new policies, strategies and initiatives across departments. This forms part of the report to committee.

Internal audit, management and third parties will carry out work in high risk areas

Internally some key areas of prevention include:

- monitoring compliance with standards of conduct across the local authority covering codes of conduct including behaviour for counter fraud, anti-bribery and corruption, register of interests, register of gifts and hospitality. Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked and reported to committee.

- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking appropriate checks

## **Whistleblowing**

There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure. These arrangements ensure that staff and the public have access to fraud and corruption whistle-blowing communications channels such as a helpline, and are kept under review.

Contractors and third parties may be sign-posted to the whistleblowing policy. There is no discrimination against whistle-blowers.

Arrangements should meet best practice

### **4.4. Pursue**

The Council will prioritise fraud recovery and the use of civil sanctions / penalties where appropriate. Asset recovery and civil recovery are considered.

We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal, criminal and disciplinary action where appropriate

Sanctions and redress will vary between fraud risk areas and respective policies. The “further information” section below provides more details of current policies and strategies.

A crucial element of our response to tackling fraud is recovering any assets or money lost through fraud – this is an important part of our strategy and will be rigorously pursued where appropriate

We may recover expenses incurred in the cost of the investigation as well as any direct loss. For significant risk areas this will be set out in relevant policies (see further information)

We will develop capability and capacity to investigate and pursue/punish fraudsters

We will develop a collaborative and supportive enforcement response on sanctions where possible. This may include collaborating across geographical and sectoral boundaries, with local law enforcement and with suppliers and external organisations.

All allegations of fraud and corruption are risk assessed as part of response. See the Fraud Response document Appendix A

We will learn lessons and close the gaps if we are subject to fraud and learn lessons from others that have been subject to fraud. Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to fraud-proof systems.

Successful cases of proven fraud/corruption will be publicised internally and externally to raise awareness.

We will actively review where there is a “business case” to invest in counter fraud activity –in order to generate savings by preventing and recovering losses.

#### **4.5. Protect**

The Council recognises the increased risks to victims and the local community.

This includes protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

We undertake initiatives locally and will work with our partners to reduce the risks to the local community. For example, the Council is part of the “Friends against scams” initiative and we have links through the Lincolnshire Counter Fraud partnership to the local Community Safety Strategy/Partnership.

For the Council this will also cover protecting public funds, protecting the organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across all the pillars of this strategy.

### **5. TRAINING**

It is important to have the right skills and standards to address the fraud risks identified and to investigate and conduct investigations. The work plan will identify any skills training required. There are resource limitations (for example accredited investigators) and options will need to be considered where they are required.

We recognise that general fraud awareness training is appropriate for all staff and members and will be delivered. Counter fraud awareness is part of the wider training requirements covering ethical conduct.

### **6. COMPLIANCE WITH LEGISLATION, REGULATION, PROCEDURES**

All relevant legislation and other requirements will be adhered to as part of any counter fraud work

This will include:

- Data matching
- NFI
- Information sharing
- RIPA

When undertaking data matching appropriate data protection notices, data sharing protocols and impact assessments are put in place in accordance with agreed protocols.

## **7. 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 the policy. We will measure the effectiveness of our counter fraud arrangements by focussing on such outcomes as;

- Delivery of pro-active counter fraud work (the action plan)
- Ensuring high levels of fraud awareness (internally and externally)
- Zero tolerance to fraud (number of referrals / ensuring suspicions reported and action taken)
- Successful engagement with partners

We will monitor these outcomes and will include within update reports

There are number of fraud areas where we will capture statistical information (See 9.4.1)

## **8. RISKS TO THE POLICY/STRATEGY**

There is limited capacity in the organisation in some areas to support counter fraud activities due to the focus being on other priorities, such as maintaining key services and meeting budget savings.

Investigators have transferred to DWP – SFIS and there are limited budgets to train staff post SFIS. Some authorities retained skilled investigators and we will work with local partners to make the best use of our combined resources. Where there are opportunities for additional funding, this may be directed at training and / or new resources to investigate fraud.

By updating the fraud risk register, developing a new work plans and seeking support of partners through the LCFP, the Council aims to maintain focus on counter fraud. The Council has in the past been successful with partners in securing dedicated one–off fraud related funds and will continue to seek additional funding when and if it becomes available.

Other risk areas include lack of incentives, data sharing, information sharing risks and powers.

## **9. FURTHER INFORMATION**

Information on counter fraud and policies is available on the Council's website

### **9.1.List of Council Fraud Related Policies and Guidance**

- Counter Fraud and anti-corruption policy/strategy (this policy)
- Anti-Money laundering policy
- Anti-Bribery policy
- Benefit fraud, sanctions and prosecutions policy
- RIPA policy
- Whistleblowing policy
- Tenancy Fraud Strategy
- Counter Fraud risk register
- Fraud awareness course

Further information and guidance:

- Website - fraud information page
- Counter fraud leaflet
- Financial and contract procedure rules
- Codes of conduct
- Gifts and hospitality register
- Register of interests
- IT security policy
- Data protection policy
- Data transparency

## **9.2.Crime Prevention Organisations and Partnerships:**

National Crime Agency (NCA) leads work against serious and organised crime. Regional Organised Crime Units provide high end specialist capability, including regional fraud teams to local forces tackling the threat from serious and organised crime in their region. Organised crime can affect local authorities including money laundering, identity crime, intellectual property crime and theft of assets.

Action fraud is the UK's national central reporting centre for fraud and cyber crime . Action fraud is run by the City of London Police.

### Local Police liaison

There are regular local Police liaison meetings between senior Council officers and senior Police Officers.

There are links to the local economic crime unit.

### Safer Lincolnshire Partnership

The Safer Lincolnshire Partnership is the single multi-agency forum for addressing community safety issues across Lincolnshire.

The Safer Lincolnshire Partnership aims to:

- Reduce crime and disorder and increase the safety of individuals and communities across Lincolnshire



- Ensure those living, working or visiting Lincolnshire feel safe and are equipped to cope with any hazards or threats they may encounter SLP Handbook 2018-2021
- Improve communication, coordination and cooperation between agencies allowing them to work together more efficiently and effectively

#### Lincolnshire Counter Fraud Partnership

Partnerships covering the Councils of Lincolnshire to deliver joint projects and provide local support to counter fraud

#### Citizens Advice

How you report the scam to Citizens Advice depends on the type of scam it is  
Victims of fraud can receive support from Victim Lincs at their website [Victim Lincs](#)

#### Single Fraud Investigation Service (SFIS)

The Single Fraud Investigation Service (SFIS) is a partnership between DWP Fraud Investigation Service, HMRC and local authorities

#### National Anti-fraud Fraud Network (NAFN)

NAFN Data and Intelligence Services are a public sector organisation which exists to support members in protecting the public interest. We are one of the largest shared services in the country. The aim is to be the most effective and efficient point of contact through which members can acquire data, intelligence and knowledge to support their investigations, protecting the public purse and safeguarding the community.

#### National Investigation Service (NATIS)

Tackling serious organised crime, bribery and corruption affecting the public sector in the United Kingdom

### **9.3. Counter Fraud Good Practice:**

Cifas is the current secretariat for Fighting Fraud and Corruption Locally (FFCL)

CIPFA Protecting your supply chain from fraud, an accessible reminder of the continuing risks to supply chains posed by fraud and corruption, many of which are exacerbated by emergency circumstances.

CIPFA's Counter Fraud and Corruption Tracker (CFaCT) survey is the annual survey of the fraud and corruption detected in local authorities across the UK. It gives a national picture of fraud, bribery and corruption across UK local authorities and the actions being taken to prevent it.

### **9.4. The Transparency Code/ data**

DCLG published the transparency code to strengthen transparency within local government. The Code legally requires local authorities to publish annually details of their counter fraud work. Key areas cover employees, amount spend and number of fraud cases.

#### **Transparency Data**

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 201432, or similar powers
- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud
- Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists
- Total amount spent by the authority on the investigation and prosecution of fraud
- Total number of fraud cases investigated

### **General Data**

Fraud Areas subject to monitoring (where appropriate inclusion in the six monthly annual report to Audit Committee) – number of cases, value of fraud

- Procurement
- Insurance (Fraud) Claims
- Investments
- Economic & Voluntary Sector Support
- Debt
- Expenses
- Payroll
- Recruitment
- Pensions
- Mandate Fraud
- Manipulation of Data (financial and non-financial)
- Other Fraud
- No Recourse to Public Funds
- Ctax CTR
- Ctax SPD
- Ctax other
- Business rates
- Housing benefit
- Housing right to buy
- Housing sub letting
- Housing other

## **Appendix A**

### **FRAUD RESPONSE**

#### **Referral and Investigation**

Note that there are separate response processes and policy linked to the fraud response for housing benefit, council tax support, tenancy fraud etc.

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 (usually) initially be investigated and assessed by the Council's Internal Audit Section. If there is insufficient evidence to proceed a record of the decision will be made and appropriate feedback provided to the referrer.

Where there is believed to be sufficient evidence to proceed, a strategy meeting will be held with the Chief Finance Officer, the relevant Director (or Assistant Director), City Solicitor or Legal Services Manager, Human Resources Manager. Consultation will of course depend on the nature and scope of the case. Internal Audit will present its findings.

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

- a) Management investigation
- b) Internal Audit investigation
- c) Police investigation

Officers will be clear, open, 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. It is possible that a Management or Audit investigation could run concurrently with a Police investigation.

Where the fraud is proven the matter will be taken forward by the Police for prosecution.

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. Investigation costs may be added.

We will recover any overpayments in relation to employees.

### **Good practice:**

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 of safeguarding your confidentiality can be found in the Council's whistle blowing policy

The fraud response flowchart is attached at Annex A

**Appendix A**  
**City of Lincoln Council**  
**FRAUD RESPONSE *Flowchart***

