

Appendix A



ANTI-FRAUD AND CORRUPTION

Policy Statement and Strategy

DRAFT

March 2018

1. Anti-fraud Policy Statement

- 1.1. Central Bedfordshire Council operates a 'zero tolerance' approach towards fraud and corruption and we will use the full range of sanctions available against any individual or organisation found to be committing fraud. Every pound taken by theft or fraud reduces our ability to provide services to the people who need them the most.
- 1.2. We want to protect against, detect and respond to fraud and corruption in order to protect the interests of our service users, partners, employees and other stakeholders while retaining a high ethical standing within the community.
- 1.3. This policy applies to all parts of the Council: To all our employees (including agency and temporary staff), volunteers, contractors and consultants in relation to their work with/for us and service users who apply for any Council services or financial assistance. We rely on the support of staff, businesses and the community to deliver the services we provide to people in need. Loss of confidence in the Council as a result of fraud or corruption could have an adverse impact on our funding and investment in the area, leading to a more severe impact on the services we deliver than the initial theft.
- 1.4. We expect all our Councillors, employees, consultants, contractors, partner organisations and service users, to be honest, and to give us any help, information and support we need to deal with fraud and corruption. In return, we will:
 - Take appropriate measures to prevent and deter fraud;
 - Introduce and maintain procedures to detect fraud;
 - Encourage employees and the public to report any suspicions of fraud;
 - Provide resources to train our staff about fraud risk and investigate fraud;
 - Take appropriate fraud investigation, disciplinary, civil or criminal proceedings; and
 - Where appropriate liaise with the police and all relevant organisations.
- 1.5. It is in everyone's interest to prevent fraud and corruption from happening. Any suspected internal incident should be reported immediately to your manager (unless you suspect your manager may be involved) and the Head of Internal Audit & Risk. In terms of customer fraud report immediately to the Corporate Fraud Team. This strategy and response plan sets out what we mean by fraud; how we tackle fraud; what you should do if you suspect fraud; and how we will respond.
- 1.6. This document sets out Central Bedfordshire's policy and strategy in relation to fraud and corruption. It has the full support of the Council's Members, Senior Management and Trade Unions. This also incorporates the Council's approach to Anti Bribery and Facilitation payments.

Anti-Fraud and Corruption Strategy

1. Introduction

Central Bedfordshire Council (the Council) advocates **strict adherence** to its anti-fraud framework and associated policies. In the majority of cases this would be a **zero-tolerance** approach to all forms of fraud, corruption and theft, arising both from within the Council and externally. The Council recognises that fraud and other forms of financial irregularity can:

- Undermine the standards of public service that the Council seeks to achieve;
- Reduce the level of resources and services available for the residents of Central Bedfordshire; and
- Result in major consequences which reduce public confidence in the Council.

This Strategy defines both the proactive and reactive components of a good practice response to fraud risk management. It sets out the key responsibilities within the Council with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management. The Strategy provides overarching governance to the Council's suite of counter fraud policies and procedures which include: -

- The Council's Constitution, incorporating the Members' Code of Conduct, Officers' Code of Conduct, Procurement Procedure Rules, Financial Procedure Rules;
- Confidential Reporting (Whistleblowing) Policy;
- Loss Recovery Strategy;
- Information Security Policy (internal link only).
- Contract terms and conditions
- Standard Selection Questionnaire (part of tender processes)
- Gifts and hospitality guidance

This Strategy adheres to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014 (the Code). The Code requires leaders of public sector organisations to have a responsibility to embed effective standards for countering fraud and corruption in their organisations in order to support good governance and demonstrate effective financial stewardship and strong public financial management.

The five key elements of the CIPFA Code are to:

Acknowledge the responsibility of the governing body – in the Council’s case Elected Members and the Corporate Management Team – for countering fraud and corruption	ACKNOWLEDGE
Identify the fraud and corruption risks	
Develop an appropriate anti-fraud and corruption strategy	PREVENT
Provide resources to implement the strategy	
Take action in response to fraud and corruption	PURSUE

The five elements link to three key themes: **Acknowledge**, **Prevent** and **Pursue**, contained within the Local Government Fraud Strategy: Fighting Fraud Locally.



2. What is Fraud?

2.1. The [Fraud Act 2006](#) identifies fraud as a single offence which can be committed in three separate ways:

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The [Theft Act 1968](#) defines theft as follows:

‘A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it’.

This could mean the theft of cash, equipment, data or vehicles. This does not simply relate to the theft of Council property and includes theft from colleagues

There are also service specific acts, such as the [Prevention of Social Housing Fraud Act 2013](#).

Whilst these Acts do not provide a single definition, fraud may be described as: *“Dishonest conduct with the intention to make gain, or cause a loss or the risk of a loss to another.”*

Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party.

- 2.2. The following are some examples of fraud or corruption which you may come across:
- Providing false identity or right to remain/work documents, references, or any other information when applying for a job;
 - Making false claims for expenses, overtime, flexitime, or any other allowance;
 - Not declaring a conflict of interest e.g. owning properties which are leased to us, you or your family owning companies which we do business with; or working for organisations which receive grant funding from us;
 - Providing false or misleading information for Housing, or illegally sub-letting a social housing property
 - Providing false or misleading information for any Council service, discount or financial assistance such as in Council Tax, Business Rates, personal care, disabled facilities grant, Blue Badge etc.
 - Failing to notify the Council, when required to do so, of any relevant change affecting receipt of any Council service, discount or financial assistance;
 - Providing false documents to evade payment due to be collected by the Council;
 - Misusing Blue Badges, residential, business or any other parking permits;
 - Fraudulently making, or exaggerating, an insurance claim against the Council;
 - Using our vehicles, IT equipment, offices/buildings, stocks, materials, or any other resources for inappropriate personal use, or to run a private business;
 - Stealing money, materials or other resources from us, our partners, or our clients;
 - Raising orders, submitting invoices or generating payments in respect of work that hasn't been done;
 - Working for another organisation, running a business, or being self-employed during contracted hours, including working whilst off sick;
 - Accepting gifts or hospitality from contractors, or organisations who are bidding for work, or who we have contracts with, or who receive grants from us.
- 2.3. The above list is not exhaustive and cannot cover every example of fraud or corruption. If you have any questions, please contact the Head of Internal Audit & Risk (HoIA) for further advice.

What is Corruption?

2.4. **Corruption** is the deliberate misuse of a position for direct or indirect personal gain.

This includes offering, giving, requesting or accepting a bribe or reward, which influences actions or the actions of someone else. The [Bribery Act 2010](#) makes it possible for individuals to be convicted where they are deemed to have given their consent or tacit (i.e. non verbal) approval in giving or receiving a bribe.

The Act also created the Corporate Offence of “Failing to prevent bribery on behalf of a commercial organisation” (corporate liability). To protect itself against the corporate offence, the Act requires an organisation to have “adequate procedures in place to prevent bribery”. This Strategy, the Council’s Codes of Conduct and the Confidential Reporting (Whistleblowing) Policy, along with the educating of staff (e.g. through induction, e-learning etc.) are designed to meet the requirement.

Indicators showing this type of offending can include the following:

- Abnormal cash payments;
- Pressure exerted for payments to be made urgently or ahead of schedule;
- Private meetings with public contractors or companies hoping to tender for contracts;
- Lavish gifts being offered or received;
- An individual who never takes time off even if ill, or holidays, or insists on dealing with specific contractors himself or herself;
- Making unexpected or illogical decisions accepting projects or contracts;
- Abuse of the decision process or delegated powers in specific cases;
- Agreeing contracts not favourable to the organisation either because of the terms or the time period;
- Unexplained preference for certain contractors during tendering period;
- Avoidance of independent checks on the tendering or contracting processes;
- The Council’s or its suppliers/partner’s procedures or guidelines not being followed;
- Failure to make a relevant disclosure in accordance with the Local Government Act 1972 under section 117(2); employees must disclose any personal interest in contracts that have been, or are proposed to be, entered into by the Council. Failure to do so is a criminal offence.

3. Scope

- 3.1. The Council will not tolerate fraud or corruption (or other forms of financial irregularity) by anyone. Consequently, this Strategy applies to a wide range of persons, including:
- All Council employees (including volunteers, temporary staff and agency staff);
 - Elected Members;
 - Staff and Committee Members of Council funded voluntary organisations;
 - Council’s partners;
 - Maintained schools;
 - Council suppliers, contractors and consultants (whether engaged directly or indirectly through partnership working);
 - Service users; and
 - Members of the general public.

As well as more “traditional” areas of fraud, bribery and corruption, such as theft of money, false accounting and corrupt practices, the strategy also encompasses misuse of assets, illegal use or disclosure of data and fraud perpetrated through the improper use of IT systems.

4. Strategy Aims and Objectives

4.1. This Strategy aims to:

- Protect the Council’s valuable resources by ensuring they are not lost through fraud but are used to provide quality services to Central Bedfordshire residents and visitors;
- Create and promote a robust ‘anti-fraud’ culture across the organisation which highlights the Council’s **zero tolerance** of fraud and corruption;
- Ensure effective Counter Fraud systems and procedures are in place which:
 - Ensure that the resources dedicated to combatting fraud are sufficient and those involved are appropriately skilled;
 - Proactively deter, prevent and detect fraud and corruption;
 - Investigate suspected or detected fraud and corruption;
 - Enable the Council to apply appropriate sanctions, including criminal and/or civil proceedings, to punish fraudsters and recover losses, where appropriate; and
 - Provide recommendations to inform policy, system, risk management and control improvements, thereby reducing the Council’s exposure to fraudulent activity.
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, the Council will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, disciplinary or legal action may be taken;
- Ensure the rights of people raising legitimate concerns are properly protected;
- Work with partners and other investigative bodies to strengthen and continuously improve the Council’s resiliency to fraud and corruption.

5. Our Approach to Countering Fraud

Managing the Risk of Fraud and Corruption

- 5.1. Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, Elected Members and Senior Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

All Members are expected to act in a manner which sets an example to the community whom they represent and to the staff of Central Bedfordshire who implement their policy objectives.

There is a special responsibility on the Central Bedfordshire senior management team, Assistant Directors, the Monitoring Officer, and other relevant chief officers to lead their staff by example. The Council expects these officers to set the standard

by their own behaviour. This includes practicing the Nolan's principles of public life. (The Seven Principles of Public Life, identified by Nolan, are set out at Appendix 2).

- 5.2. As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered within their individual service areas and in support of achieving strategic priorities, projects and programmes objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring (i.e. proactive) rather than the actual incidence of fraud that has occurred in the past (reactive). Once the fraud risk has been evaluated, appropriate action should be taken by management to mitigate those risks on an ongoing basis, for example through introducing and operating effective systems of internal control.
- 5.3. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.

Good corporate governance procedures are a strong safeguard against fraud and corruption. The Audit Committee is a key Member forum for ensuring sufficient weight is given to counter fraud, bribery and anti-corruption activity and is positioned to review assurances from managers, Members, risk and other business data.

- 5.4. In terms of Information and Communication Technology (ICT), the Cyber Essentials scheme has been developed by Government and industry to fulfil two functions; 1.it provides a clear statement of the basic controls all organisations should implement to mitigate the risk from common internet based threats, within the context of the Government's 10 Steps to Cyber Security; and 2.through the Assurance Framework it offers a mechanism for organisations to demonstrate to customers, investors, insurers and others that they have taken these essential precautions.

Cyber Essentials is an effective way of demonstrating the robustness of our networks and will prove useful not just for Public Services Network (PSN) compliance but also help with General Data Protection Regulations (GDPR) requirements and the new version of the Information Governance Toolkit to be released in May 2018.

ICT policies are updated as required to reflect any new threats.

- 5.5. After the Welfare Reform Act 2012 when responsibility for investigating Housing Benefit Fraud transferred to the Department for Work & Pensions (DWP), the Council has continued to invest in a Customer Fraud team who now apply their counter fraud experience and training to focus on wider Customer Fraud activity e.g. Housing Tenancy, Adult Social Care, Blue Badge, Council Tax, Schooling applications and the areas continue to increase as awareness increases.

The Council's Internal Audit team undertakes risk-based assurance work each year.

6. Fighting Fraud Locally: Acknowledge – Prevent – Pursue

- 6.1. The Council seeks to fulfil its responsibility to reduce fraud and protect its resources by a strategic approach consistent with that outlined in both CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and in the [Local Government Fraud Strategy – Fighting Fraud Locally](#), and its three key themes of Acknowledge / Prevent / Pursue: -

ACKNOWLEDGE	Committing Support	<p>The Council's commitment to tackling fraud threats is clear. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. Our suite of counter fraud strategies, policies and procedures is widely published and kept under regular review.</p> <p>Some targeted risk awareness briefing sessions have been undertaken at team meetings for service areas considered to be potential higher risk areas. Further work is planned to increase general staff awareness of fraud risks through corporate induction and e-learning.</p>
	Assessing Risks	<p>We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities. Elected Members and Senior Officers have an important role to play in scrutinising risk management procedures and risk registers.</p> <p>Also, Internal Audit carries out assurance work in areas of higher risk to assist management in preventing fraudulent activity.</p>
	Robust Response	<p>We will continue to strengthen measures to prevent fraud. Internal Audit will work with management and our internal partners such as HR, Finance, LGSS Law and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed.</p>

PREVENT	Better Use of Information Technology	<p>We will make effective use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud. We will play an active part in the biennial National Fraud Initiative (NFI) data matching exercise.</p>
	Fraud Controls and Processes	<p>We will educate managers with regard to their responsibilities for operating effective internal controls within their service areas.</p> <p>We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Routine internal audit reviews will seek to highlight vulnerabilities in the control environment and make appropriate recommendations for improvement.</p>
	Anti-Fraud Culture	<p>We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning tool for staff and provide information on all aspects of our counter fraud work.</p>

PURSUE	Fraud Recovery	<p>A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where it is appropriate to do so. See Appendix 4 for the loss recovery approach.</p>
	Punishing Fraudsters	<p>We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action.</p>
	Enforcement	<p>We will investigate instances of suspected fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders or received via the whistleblowing procedure. We will work with internal / external partners/ organisations, including law enforcement agencies.</p>

7. Responsibilities

- 7.1. The specific responsibilities for all stakeholders involved in this strategy are set out in Appendix 3.

8. Reporting, Advice, Support

- 8.1. The Council's approach to suspected fraud can be demonstrated in its Fraud Response Plan - see [Appendix 1 - Fraud Response Plan](#)
- 8.2. It is often the alertness of Members, employees and the public that facilitates detection. If anyone believes that someone is committing a fraud or suspects bribery or corrupt practices, these concerns should be raised in the first instance directly with line management or in the case of customer fraud raised with the Corporate Fraud Team. If necessary a route, other than a normal line manager, may be used to raise such concerns. Examples of such routes are:
- Chief Executive, Directors, Heads of Service.
 - CBC Fraud Hotline on 0300 300 8182.
 - CBC Fraud email: tellusaboutfraud@centralbedfordshire.gov.uk

Where managers are made aware of suspected fraud by employees, they have responsibilities for passing on those concerns to the Head of Internal Audit and Risk. Managers should react urgently to allegations / evidence of potential fraud or corruption. Headteachers of Local Authority maintained schools should also notify their Chair of Governors, HR provider and legal insurers. Notifications must be treated with the utmost confidentiality. Any person that is implicated in the alleged offence should not be included in the notification procedure.

The Council's [Confidential Reporting \("Whistle Blowing"\) Policy](#) is intended to encourage and enable employees and/or partners to raise serious concerns and is clear that legitimate concerns can be raised without fear of victimisation, subsequent discrimination or disadvantage. The Public Interest Disclosure Act 1998 (PIDA) protects individuals who make certain disclosures of information in the public interest. Our Whistleblowing Policy complies with PIDA.

Members of the public can also report concerns through the Council's complaints procedures or by contacting their elected Member, the External Auditor or the Local Government Ombudsman.

9. Investigations

- 9.1. **Investigations** - To avoid potentially contaminating the evidence, managers should not investigate concerns themselves without having sought relevant authority to do so and instead should immediately report all suspicions of fraud or corruption, as detailed above.
- 9.2. Any suspicions of customer fraud will be investigated and where applicable prosecuted by the Corporate Fraud Team, adhering to all relevant criminal investigation legislation e.g. Criminal Procedures and Investigations Act.
- 9.3. Service managers will normally carry out minor investigations with the guidance and assistance of Internal Audit where appropriate. Investigations in more complex internal cases will be carried out by Internal Audit.

- 9.4. The Council's employees will work with other public sector bodies including; the Police, Inland Revenue, Customs and Excise and the Immigration Service for the purposes of preventing, detecting, investigating and prosecuting crime.
- 9.5. Any allegation of internal fraud, bribery or corruption received will be followed up through agreed procedures that will comply with all relevant Council policies, including the Disciplinary Policy, and legislation.
- 9.6. **Parallel Sanctions** - This refers to the process whereby two or more potential sanctions (i.e. criminal, civil or disciplinary) are pursued at the same time (in parallel) to maximise the possibility of a successful criminal sanction. Decisions in relation to whether or not parallel sanctions are to be run would be determined on a case by case basis.

Where criminal charges are being considered Internal Audit will carry out an investigation with a view to pursuing criminal prosecution whilst, simultaneously, as long as the process is not in conflict of either process, appropriate investigating officers will conduct an internal disciplinary investigation that is fair and in accordance with the Councils Disciplinary Policy & Procedure. In these circumstances, the investigating officer should seek advice from Internal Audit and HR who will seek advice from the prosecuting authority (e.g. police, government body) before disciplinary action is taken. Further information in relation to what would happen should an employee be charged with or convicted of a criminal offence or is in receipt of a police caution for corruption or fraud can be found within the Councils Disciplinary Policy and Procedure.

There is nothing to stop Internal Audit or other investigator from conducting an interview under caution before or after a disciplinary interview has taken place. In practice, where a criminal liability is known or suspected any interview must be conducted under criminal legislation before a disciplinary interview. It should be noted that it would be the answers given in the interview under caution which could be used as evidence in any subsequent criminal proceedings can be used in any disciplinary proceeding. The disciplinary interview may be excluded from any criminal trial however depending on the facts of the case.

- 9.7. **Criminal Offences** - The Monitoring Officer will provide guidance as to whether a criminal offence has occurred. In such cases the Council will seek a prosecution unless the decision is taken, following advice from the Monitoring Officer, that it would be inappropriate to do so.
- 9.8. **Disciplinary Action** - The Director (after taking relevant HR advice) will decide whether disciplinary action should be taken against an employee.
- 9.9. **Elected Members** - The Chief Executive and the Monitoring Officer, will advise on action in relation to Members.
- 9.10. **Compensation** – In respect of Internal Fraud cases, where a case has been proved, the relevant Director together with the Director of Resources (S151 Officer) (after taking advice from the Monitoring Officer), will agree whether and how much to pursue as compensation. The Director will also inform the Insurance service where it is believed an insurance claim can be made.
- In relation to Customer Fraud, the Monitoring Officer will decide whether and how much to pursue after consultation with the Customer Fraud Manager and the relevant Head of Service.

- 9.11. **Recording** – The HoIA will maintain a fraud database where summary details of internal financial irregularities will be recorded.
- 9.12. **Reporting** - The routine Internal Audit progress reports to the Audit Committee will include summary details on investigations into suspected fraud, bribery or corruption once the outcomes are finalised, especially with any cases that are subject to Police investigation.
- 9.13. Where fraud has occurred, management must make any changes recommended to systems and procedures to ensure that similar frauds will not recur. Any investigation undertaken may highlight where there has been a failure of supervision or a control breakdown or absence of control.

10. Action Plan

- 10.1. This Strategy sets out the developments / actions the Council proposes over the medium term future to further improve its resilience to fraud and corruption. These developments include the following actions:

Action	Target Date
To participate in both local and national data matching initiatives (e.g. NFI, Cabinet Office).	Ongoing
Fraud: Spot it, Stop it campaign, posters, banners both at Priory House and Watling House.	June 2018
Introduce Fraud E-Learning module for all staff	June 2018
Sharing of fraud knowledge to others within the Internal Audit team to reduce “single point of failure” risk.	Ongoing
To actively promote fraud success stories (e.g. successful prosecutions).	Ongoing
To participate in the sharing of ideas between CBC services and other LAs with regard to fraud prevention in key areas.	Ongoing
Introduce Anti-Money Laundering Policy	June 2018
Fraud action days such as for Blue Badge Fraud	Ongoing
Support services to design relevant procedures and application forms concerning customer fraud.	Ongoing

11. Strategy Review

The Director of Resources (s.151 Officer) and the Council’s Audit Committee will ensure the continuous review and amendment of this Strategy, and the Action Plan contained within it, to ensure that it remains compliant with good practice national public sector standards, primarily CIPFA’s Code of Practice on Managing the Risk of Fraud and Corruption and the Local Government Fraud Strategy – Fighting Fraud Locally, and meets the needs of Central Bedfordshire Council.

Responsible Officer: Head of Internal Audit & Risk

Review date: April 2020 and biennially thereafter

FRAUD RESPONSE PLAN

Introduction

1. The Council has a **zero-tolerance** approach to all forms of fraud and corruption. This means the toughest sanctions will be applied where fraud is proven – disciplinary, legal and criminal.
2. This Fraud Response Plan is part of the Counter Fraud, Bribery and Anti-Corruption Strategy. The aim is to reduce fraud and loss to an absolute minimum and keep it there.
3. You should follow this response plan if you are an employee, Member, partner, contractor or Central Bedfordshire resident. All, in the public interest, have a responsibility to report any suspicion of fraud and to co-operate in any investigation, if necessary.
4. **Fraud** is a crime and involves a deception which is deliberate and intended to provide a direct or indirect personal gain.
5. **Corruption** is the deliberate misuse of position for direct or indirect personal gain such as: offering, giving, requesting or accepting a bribe or reward which influences an individual's actions or someone else's.
6. **Bribery** is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or commercial advantage.
7. This guidance only tells you what to do if you suspect fraud – for other concerns you should refer to: Grievance, Disciplinary or Corporate Complaints Policies.

WHAT YOU SHOULD DO IF YOU SUSPECT FRAUD

9. Immediately report your suspicions to:
 - Your immediate Supervisor or Line Manager (or more senior management depending on the seriousness and sensitivity of the issues involved and who is thought to be involved in the wrongdoing).
 - The Head of Internal Audit & Risk (HoIA), Clint Horne on 0300 300 4758
 - The Whistleblowing Hotline on 0300 300 8182
 - email tellusaboutfraud@centralbedfordshire.gov.uk or
 - The Corporate Fraud Team in the case of customer fraud

TOP TIPS

10.

DON'T	DO
<p>Be afraid of raising your concerns. The Council's Confidential Reporting (Whistleblowing) policy allows concerns raised in good faith to be reported without fear of victimisation, subsequent discrimination or disadvantage.</p> <p>So Don't Delay report the matter quickly.</p>	<p>Record your suspicions as soon as possible: write down what you have found, seen and heard. Please provide as much detail as you are already aware of.</p>
<p>Approach or accuse individuals directly: you may alert them and evidence may be destroyed.</p>	<p>Keep any evidence you have in a safe place (where applicable until you can pass it to the HoIA.) However, do not do this if such action would risk alerting the suspect.</p>
<p>Tell anybody else: you don't know who may be involved</p>	<p>Tell Internal Audit or Corporate Fraud who you are: they will want to talk to you as you may know more than you realise.</p>
<p>Undertake any investigations yourself: you may spoil the evidence and prevent a criminal prosecution.</p>	<p>Keep outwardly calm and carry out your own work as usual.</p>

SAFEGUARDS – Internal Fraud

11. **Harassment, bullying or victimisation** – if you have raised concerns action will be taken to protect you from reprisals and it will be made clear to colleagues that it will be considered a disciplinary matter to mistreat a whistle-blower.
12. **Confidentiality** – The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. It must, however, be appreciated that the investigation process may reveal the source of the information and a statement by you may be required as part of the evidence
13. **Anonymous referrals** –these are not encouraged as they affect the ability to investigate, but any case of suspected fraud, bribery or corruption, however reported, will be looked into.
14. **Malicious referrals** – if it is found that your referral is malicious or has been made for personal gain, action may be taken against you under the Council's Disciplinary Policy or relevant agreement if you work for one of the Council's partners. The matter would be referred to the appropriate senior manager before any action is taken.

INVESTIGATION – INTERNAL FRAUD

15. All suspected fraud must be referred to the HoIA.
16. The HoIA will assess the initial information and decide how to proceed. This may include a strategy meeting with the relevant manager where appropriate.
17. Following best practice, Internal Audit will investigate more complex cases of suspected fraud – management may investigate minor level fraud involving an employee after consultation with Internal Audit.

INVESTIGATION – CUSTOMER FRAUD

18. All suspected fraud must be referred to the Corporate Fraud Team
19. The Corporate Fraud Team will investigate, where the case has merit, adhering to all relevant criminal investigation legislation.

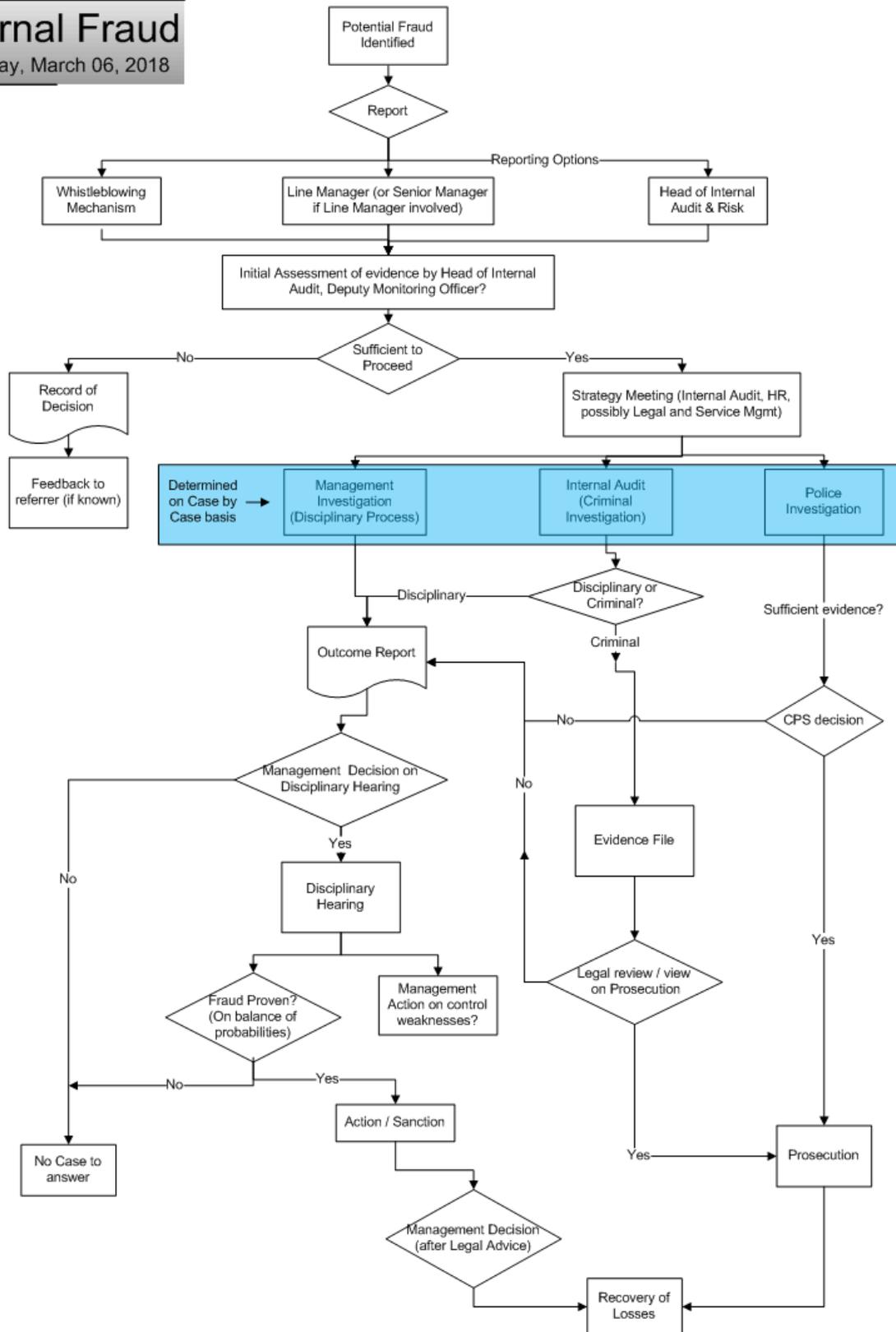
POTENTIAL OUTCOMES

Criminal Prosecution –

18. The relevant Head of Service in conjunction with The Corporate Fraud Manager (for customer fraud or the HoIA (for internal fraud) will authorise prosecution action after taking appropriate legal advice.
19. Where the matter is deemed sufficient to warrant Police involvement the Director of Resources (Section s151 Officer), in consultation with the appropriate Director, HoIA and Monitoring Officer, will authorise the referral to the police for investigation.
20. **Internal Disciplinary Action** – at the end of an investigation relating to internal fraud, the HoIA or the appointed Management Investigator will produce an investigation report to detail the allegations, outline the evidence found during the investigation and indicate whether a hearing should be convened to consider the evidence. If this involves an employee and fraud is proven after following the Council's internal disciplinary procedure and burden of proof (balance of probabilities), one of the range of reasonable responses of the employer may be summary dismissal.
21. If, on the balance of probabilities fraud is not proven there may still be allegations or concerns which need to be considered under the Council's disciplinary and capability procedures or recommendations made in relation to working practices.
22. **Recovery through Civil or Criminal Proceedings** – the Council will seek to recover all losses subject to legal advice and where it is cost effective to do so. Any losses caused by an employee will be recovered through salary, pension or insurance.
23. **Weaknesses in the System of Controls** – an Action Plan will be produced to address any system or management weaknesses and to reduce the risk of fraud and error in the future.

CBC's Typical Fraud Response Plan

Internal Fraud
Tuesday, March 06, 2018



NOLAN COMMITTEE REPORT – THE SEVEN PRINCIPLES OF PUBLIC LIFE

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and action that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Stakeholder	Specific Responsibilities
Chief Executive	Accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	<p>To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Conduct/Practice. Overall responsibility for the maintenance and operation of Members' Codes of Conduct.</p> <p>Advice on recovery of losses under the Council's Loss Recovery Strategy (see Appendix 4).</p>
Directors	<p>Decision on the recovery of losses under the Council's Loss Recovery Strategy (see Appendix 4). (in conjunction with Director of Resources & Monitoring Officer).</p> <p>Informing the Insurance service where it is believed an insurance claim can be made.</p>
Director of Resources (S.151 Officer)	To make proper arrangements for the Council's financial affairs and to ensure the Council has an adequately resourced and effective Internal Audit and Counter Fraud response.
Audit Committee	<p>To monitor the adequacy and effectiveness of the arrangements in place for ensuring an adequate internal control environment and for combatting fraud and corruption.</p> <p>To monitor the Council's Whistleblowing policy and further responsibility for oversight of the Council's risk management processes.</p>
Elected Members	<p>To comply with the Members' Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.</p> <p>To support and promote the development of a strong counter fraud, bribery and anti-corruption culture.</p>
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for developing and implementing the Counter fraud, bribery and anti-corruption strategy and investigating any issues reported under this policy and the Confidential Reporting Policy (Whistleblowing) policy. To ensure that all suspected or reported internal irregularities are dealt with promptly and in accordance with this policy and that action is identified to improve controls and reduce the risk of recurrence.
Corporate Fraud	Responsible for investigating and prosecuting customer fraud in accordance with criminal investigation legislation, pro-active fraud days and assisting services with design of relevant procedures, application forms and any other related issues.
Human Resources	Provision of advice to managers on internal disciplinary investigations, including suspensions. Maintenance of the Council's disciplinary policies and procedures. Promotion of the Council's zero tolerance approach in HR-supported investigations.

Managers	<p>To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to the Internal Audit.</p> <p>To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls.</p> <p>Undertake less complex investigations after consultation with Internal Audit.</p>
Employees	<p>To comply with Council policies and procedures, to be aware of the possibility of fraud and corruption, and to report via line management or, where appropriate, the Whistleblowing procedure any genuine concerns to management or the Head of the Paid Service, the Section 151 Officer, the Monitoring Officer, or Internal Audit.</p>
Public, Service Users, Partners, Contractors etc.	<p>To maintain strong counter fraud, bribery and anti-corruption principles and be aware of the possibility of fraud and corruption against the Council and to report any genuine concerns / suspicions.</p>

Central Bedfordshire Council – Loss Recovery Approach

Fraud covers a wide range of criminal activity which, as far as the Council is concerned, can be characterised broadly as the dishonest appropriation of the Council's resources (financial or otherwise).

The Council's resources are finite and because the Council has a responsibility to safeguard public monies, fraudulent activities should be regarded with the utmost seriousness.

For the purposes of this Loss Recovery Approach, there are two overarching considerations which inform the Council's approach to tackling any detected fraud:-

- The first consideration is the need to preserve public funds which, in appropriate circumstances, may involve the Council taking active steps to recover any misappropriated assets or obtain equivalent compensation;
- The second is the need to ensure due process of law which, in appropriate circumstances, may require prosecution action or for the Council to co-operate with other law enforcement authorities, which may investigate any alleged offences and, if appropriate, prosecute the alleged perpetrator(s). Although the Council recognises the importance both of preserving public funds and of ensuring due process of law, these considerations may lead the Council to respond to fraud in different ways. For the purposes of this policy, it is recognised that although it is desirable that fraudulent activity be prosecuted, that course of action may leave the Council worse off financially than if it had pursued civil remedies.

Financial Considerations in relation to prosecution action and or reporting fraud to other law enforcement authorities

Criminal prosecutions do not always result in high levels of recovery of assets for the Council. This can be attributed to a number of factors:-

- (1) The focus of criminal proceedings is not exclusively upon compensating the victim
- (2) Where fraud was reported to other law enforcement authorities and proceedings brought by the Crown Prosecution Service, the Council has limited control over the question of whether the Court makes any compensation orders¹
- (3) There are statutory limits² to the amount of compensation that the Magistrates Courts can order
- (4) Those convicted of criminal offences may lose their liberty and or their livelihood and thereby are unable to compensate the Council
- (5) Unlike Civil Courts the Criminal Courts must take account of a defendant's ability to pay before imposing financial penalties

¹ Sections 130 - 133 Powers of Criminal Courts (Sentencing) Act 2000

² Section 40 (1) Magistrates' Courts Act 1980

(6) Proceeds of Crime Act 2002 proceedings are complex and are restricted to matters dealt with in the Crown Court.

Civil proceedings may, in appropriate circumstances, offer an increased prospect of achieving a financial recovery but this is highly dependent upon a number of factors including the availability of evidence proving the fraud as well as the ability of the Defendant to meet any judgment.

It is important to treat the civil and criminal avenues as being distinct.

Adopted Strategy

1. In the event that a fraud or financial irregularity is suspected, the Council will determine on a case by case basis, after seeking the advice of the Monitoring Officer or their delegated representative, what further action (if any) will be taken to recover losses from individual(s) or organisations responsible.
2. At the earliest available opportunity, the Council will consider whether it is appropriate to pursue civil remedies, undertake a criminal investigation and or prosecution action or refer the matter to other law enforcement agencies for investigation and/or prosecution.
3. Before reaching any decision on how to proceed, the Council will seek to avoid any activities which may unnecessarily alert the perpetrator, encourage them to dispose of evidence or otherwise hamper a criminal investigation. This may on occasions not be practicable.
4. In making its decision on whether to pursue civil remedies or undertake a criminal investigation and/or prosecution action or report fraudulent activity to other law enforcement agencies, the Council will consider the circumstances of the case as well as relevant public interest factors which, without limitation, may include the following:-

Factors which tend to favour a criminal prosecution	Factors which tend to favour Civil Recovery
There is believed to be little prospect of recovery through civil means.	The defendant is known to have assets available for execution or the defendant is working and it is considered that there is a good prospect of recovery.
There is a high level of culpability or wrongdoing.	There is lower level of culpability or dishonesty.
Evidence gathered points to there having been a high level of planning of the fraudulent / criminal activity.	The fraud was opportunistic.
It has come to light during the investigation that the defendant is known to have previous convictions for this kind of activity.	The incident is believed to be a one off.
The defendant denies any responsibility and is unwilling to co-operate with the Council.	The defendant has acknowledged their wrongdoing and is prepared to co-operate with the Council.

Where it is not appropriate for a council investigation and or prosecution to be undertaken, it is likely that the police and CPS are willing to investigate / prosecute.	Where it is not appropriate for a council investigation and or prosecution to be undertaken, it is believed that the Police / CPS are unlikely to investigate.
---	--

It should be borne in mind that the above factors are only *potential* indicators and any decision whether to instigate criminal or civil proceedings can never be an exact science but will be taken in conjunction with legal advice and after careful consideration of the facts.

5. When the Council can demonstrate that it has suffered financial loss and, where it is practical, priority should be given to civil recovery. In seeking civil remedy the Council will actively consider recovery of all relevant costs, for example the cost of staff investigating what happened and any associated administration or legal fees. If however it is believed that civil proceedings will not achieve a significant or any recovery, and/or the fraudster should be punished then the Council should give consideration to prosecution action or reporting the allegations to other relevant law enforcement agencies.
6. Whilst primarily consideration will be given to pursuing criminal action or civil remedy, there are alternative avenues of loss recovery open to the Council including:
 - a. Recovery and Retention of Pension / Pension Forfeiture - where an employee is a member of a relevant public sector 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. In such cases, any administrative and legal costs incurred by the Council, e.g. actuarial valuations, will be met by the relevant section/department and added to the recovery value;
 - b. Bankruptcy, e.g. if it is believed an individual has a poor history of paying;
 - c. If an individual is an employee of the Council consideration whether any assessed losses may be recovered from future salary payments;
 - d. Recovery of losses through the Council's fidelity guarantee insurance cover.
7. Whilst the Insurance Officer will give advice where it is believed an insurance claim can be made under the Council's fidelity guarantee insurance, the Council's preferred approach, however, is to seek recovery of losses from the perpetrator and fidelity guarantee insurance will generally be a method of last resort.
8. In more serious cases, the Crown Court has powers of asset recovery under the Proceeds of Crime Act 2002 (POCA). The Crown Court must consider making a confiscation order against a defendant under POCA if:
 - a) the defendant is convicted of an offence or offences in the Crown Court, or has been committed to the Crown Court for sentence or to be considered for a confiscation order; and
 - b) the prosecutor requests that the court consider making a confiscation order, or the court believes that it is appropriate to consider making a confiscation order.

The Crown Court, when it considers making a confiscation order against a defendant, must determine whether the defendant has a 'criminal lifestyle'. If so, the court must determine whether the defendant benefited from his 'general criminal conduct'.