

Fraud Response Plan

Introduction

1. This Fraud Response Plan forms part of the Council's overall Strategy against Fraud and Corruption and covers the Council's response to suspected or apparent irregularities affecting resources belonging to or administered by the Council, or fraud perpetrated by contractors and suppliers against the Council.
2. It is important that Managers know what to do in the event of fraud, so that they can act without delay. The Fraud Response Plan provides such guidance to ensure effective and timely action is taken. Other documents that should be referred to when reading the Plan include:

Anti-Fraud and Corruption Strategy
Whistleblowing Policy
Code of Conduct for staff
Disciplinary Policy and procedures
Financial Regulations

Objective of the Fraud Response Plan

3. To ensure that prompt and effective action can be taken to:
 - Prevent losses of funds or other assets where fraud has occurred and to maximise recovery of losses;
 - Identify the perpetrator and maximise the success of any disciplinary or legal action taken;
 - Reduce adverse impacts on the business of the Council;
 - Minimise the occurrence of fraud by taking prompt action at the first sign of a problem;
 - Minimise any adverse publicity for the organisation suffered as a result of fraud; and
 - Identify any lessons which can be acted upon in managing fraud in the future.

How to respond to an allegation of theft, fraud or corruption

Initial Response

4. Listen to the concerns of staff and treat every report seriously and sensitively.
5. Obtain as much information as possible from the member of staff, including any notes or evidence to support the allegation. Do not interfere with this evidence and ensure it is kept secure.
6. Contact the Assistant Director (SWAP) to discuss the allegation. An evaluation of the case should include the following details:

Outline of allegations;
Officers involved, including job role and line manager;
Amount involved / materiality / impact;
Involvement of any other parties;
Timescales – one off or ongoing; and

Evidence – where held and access.

7. In accordance with the Anti-fraud & Corruption strategy, the Chief Finance Officer will make a decision on the action to take, including any preliminary audit investigation or referral to the Police.
8. Where it is appropriate to do so (i.e. without alerting the alleged perpetrator), initial enquiries may be made by Internal Audit, to determine if there actually does appear to be an issue of fraud or other irregularity.
9. During the initial enquiries, Internal Audit should:
 - Determine the factors that gave rise to the suspicion;
 - Examine the factors to determine whether a genuine mistake had been made or whether a fraud or irregularity has occurred;
 - Where necessary, carry out discreet enquiries with staff and / or review documents.
10. Audit staff have the power to access documents, and obtain information and explanations from any officer for the purpose of audit.
11. If it is found that an allegation has been made frivolously, in bad faith, maliciously, or for personal gain, then disciplinary action may be taken against the person making the allegation.

Internal Audit Investigation

12. The Investigating Officer will
 - Deal promptly with the matter;
 - Record all evidence that has been received;
 - Ensure that evidence is sound and adequately supported;
 - Secure all of the evidence that has been collected;
 - Should covert surveillance be considered necessary, then the Regulation of Investigatory Powers Act 2000 (RIPA) must be observed and discussed with the Legal Services in the first instance;
 - Where appropriate, contact other agencies;
 - Report findings to the Chief Finance Officer, and where appropriate, recommend the action to be taken by management in accordance with the Anti-Fraud and Corruption Strategy and the Council's Disciplinary Procedures.
13. Internal Audit will review the outcome of the investigation to ensure that appropriate action is taken to help disclose similar frauds and make recommendations to strengthen control systems.
14. Where an irregularity results in a loss exceeding £10,000 a declaration has to be made to the External Auditor. This will be done by the Assistant Director (SWAP).

Sanctions and Recovery of Losses

Disciplinary Action

15. The manager is responsible for taking the appropriate disciplinary action as set out in the Council's Disciplinary policy.
16. If a criminal offence is discovered, it may be appropriate to pursue a criminal prosecution, as decided by the Chief Finance Officer in accordance with the Anti Fraud and Corruption Policy.

Police

17. If the Chief Finance Officer determines that the Police need to be involved, either from the start or at a later stage in the investigation, Internal Audit will support the police investigation as necessary.

Recovery of Losses

18. Where the Council has suffered a financial loss, it will seek to recover the loss from individual(s) or organisations responsible.
19. The Council may also take civil action (as appropriate) to recover the loss.