

# Anti-fraud response plan

January 2012



## **Introduction**

Chorley Borough Council is committed to protecting public funds. Minimising losses to fraud is an essential part of ensuring that all of the Council's resources are used for the purpose for which they are intended, namely to ensure a good quality of life for everyone who lives, works, plays and visits the borough.

The public are entitled to expect the highest standards of conduct from Elected Members and Officers who are employed by Chorley Council. Certain values are expected from all the Council's Elected Members and Officers. Chorley Council supports the fundamental principles of good Corporate Governance, namely, Openness and Inclusiveness, Integrity and Accountability. These are reflected in the Council's Constitution and the Local Code of Corporate Governance. All Employees, (including Casuals and Agency Staff), Elected Members, Partners, Contractors and Suppliers of goods and services are expected to demonstrate integrity, accountability and high ethical standards.

The Chief Executive is the Council's Section 151 Officer and therefore, responsible for the Council's response to fraud.

The Council has a range of policies and procedures that are designed to prevent and detect the occurrence of fraud, whilst ensuring that everyone is treated equally and the council's Equality Scheme is adhered to at all times.

All of these policies form equally important parts of the Council's overall strategy against fraud. These include this plan and:-

- The Anti Fraud and Corruption Strategy;
- Guidance to staff on surveillance under the Regulations of Investigatory Powers Act 2000 (RIPA);
- WhistleBlowing Policy;
- Proceeds of Crime (Anti-Money Laundering) Policy

This document is intended to provide direction and formalises the responsibilities and procedures for investigation, reporting and handling of alleged irregularities.

## **2. Definition of Fraud**

The Fraud Act 2006 states that a breach of the Act is by the following:

Fraud by false representation;  
Fraud by failing to disclose information;  
Fraud by abuse of position.

The Lancashire Police Authority describes fraud as "such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party."

## **3. Reporting Suspicions**

The Council provides a means of reporting any such concerns via the WhistleBlowing Policy.

Any suspicion that a benefit related fraud is being or has been committed against the Council, should be reported, in confidence, to the Benefit Enquiry Unit.

Suspicious that any other type of fraud is being or has been committed, should be reported directly to the Head of Shared Assurance Services or by using the Internal Audit CONFIDENTIAL 24 hour 'HOTLINE' number 01772 62 52 51.

To reduce the risk of the investigation being jeopardised it is important that all information remains confidential. Suspicious are not to be discussed with any person other than the investigating officer(s) that has been assigned by the Head of Shared Assurance Services.

#### **4. Contacts**

Head of Shared Assurance Services (Garry Barclay).  
South Ribble Borough Council  
Civic Centre  
West Paddock  
Leyland  
PR25 1DH  
Tel: 01772 625272.  
Email: gbarclay@southribble.gov.uk

Senior Enquiry Officer (Benefit Fraud)  
Margaret Stansfield  
Chorley Borough Council  
Union Street  
Chorley  
PR7 1DP  
Tel: 01257 515124  
Email: margaret.stansfield@chorley.gov.uk

Suspected Benefit Fraud can also be reported confidentially to the Council's Benefit Fraud Enquiry Unit between 9am and 5pm Monday to Friday on 01257 515423; to the National Fraud 24 hr Hotline: 0800 854 440; or via the Council's website: [www.chorley.gov.uk](http://www.chorley.gov.uk)

#### **5. Investigating Suspected Fraud and Corruption**

It is of the utmost importance that until the Head of Shared Assurance Services initiates an investigation no other officer shall investigate the matter, interview staff or attempt to gather evidence, as failure to comply with relevant legislation including the statutes listed below may jeopardise the investigation:-

- Regulation of Investigatory Powers Act 2000
- Human Rights Act 1998
- Data Protection Act 1998
- Criminal Procedure and Investigations Act 1996
- Police and Criminal Evidence Act 1984

An initial investigation into the allegations will be completed. At this stage either the allegations will be dismissed, or a full investigation will be initiated. This is provided that the Head of Shared Assurance Services is satisfied there is sufficient concern, or evidence exists that a fraud may have been committed.

From the results of the initial investigation, the Head of Shared Assurance Services and the Chief Executive, in consultation with Legal Services, will determine if and when police involvement is required. In some cases, it may be necessary to suspend officers from work in order to conduct the investigation. Should it be deemed necessary to suspend an employee, Human Resources will be consulted.

The investigation will be carried out in a timely manner ensuring that all allegations are properly investigated and reported, whilst ensuring the investigation complies with all:

- Relevant Statutory Requirements,
- Codes of Practice,
- Ethical Standards of relevant Professional Bodies, and
- Council policies.

The resources needed for the investigation will be identified and an investigating officer assigned to the investigation. During the course of the investigation, the following actions will be taken:-

- A fraud log will be completed detailing every action taken during the investigation, this will include the dates and times that each action undertaken was carried out;
- As much documentary evidence as possible will be gathered before any interviews are conducted. All evidence must be obtained lawfully, properly recorded and retained securely in accordance with all relevant legislation including the Police and Criminal Evidence Act 1984 and the Criminal Procedure and Investigations Act 1996;
- There should be no attempt to review any data which is stored electronically on the Council's computer equipment that may be required as evidence. Only suitably skilled officers should retrieve this data in such a way as to ensure there is no interference with the original data. This is crucially important if the data retrieved is to be permissible in court;
- Fact finding interviews will be conducted during the course of the investigation. If at any time during these interviews it becomes apparent that a criminal offence may have been committed, a caution must be administered, the interview suspended and an interview under caution must be undertaken that complies with the Police and Criminal Evidence Act 1984;
- From the evidence gathered during the full investigation, the Head of Shared Assurance Services and the Chief Executive, in consultation with the Monitoring Officer, will determine if Police involvement is required;
- On the conclusion of the investigation, a report will be produced and distributed to the relevant Directors and / or Heads of Service. This report is to enable informed decisions to be made regarding any further action that may be required;
- Management Actions will be recommended to improve systems and controls to prevent and deter further fraud in the future.

## **6. Unconfirmed Allegations**

In line with the Whistleblowing Policy, if an officer makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against the officer making the allegation. However, if the allegation is made frivolously, maliciously or for personal gain, disciplinary action may be taken against the officer making the allegation. Should it be deemed necessary to take disciplinary action, Human Resources will be consulted.

## **7. Recovery of Assets and / or Sanctions**

In cases where the investigation establishes that a fraud has been perpetrated, whenever possible, the recovery of assets will be initiated, possibly from the perpetrator's superannuation. The recovery of assets should only be initiated after consultation with the Monitoring Officer.

In consultation with Human Resources, the Council's disciplinary procedures will be invoked where the outcome of an investigation indicates improper behaviour has occurred. This may be in addition to any other recovery action or sanctions. Referral to the Police will not prohibit action under the disciplinary procedure.

## **8. Roles and Responsibilities**

All Officers and Elected Members have important duties within the Council's Corporate Governance arrangements, to prevent and detect the occurrence of fraud. In discharging these duties all Officers and Elected Members have a responsibility to ensure that they fully comply with all relevant legislation.

### ***Chief Executive***

The Chief Executive has overall responsibility for the Council's response to fraud and, to oversee the action taken to investigate any suspected fraud. In practice, responsibility will be delegated to the Head of Shared Assurance Services.

### ***Directors / Heads of Service:***

Each Director / Head of Service has a responsibility for adhering to and instigating the requirements of all the Council's Corporate Governance arrangements. This includes establishing and maintaining adequate systems of internal control within their respective services and ensuring that their staff are aware of their responsibilities to comply with the Council's policies and procedures including the Council's Standing Orders for Contracts and Financial Regulations.

### ***Employees:***

All employees are required to comply with the Council's Standing Orders for Contracts and Financial Regulations and any other of the Council's policies and procedures. A voluntary employee Code of Conduct is in place for employees to follow.

### ***Elected Members:***

All Elected Members are required to act in accordance with the Code of Conduct for Elected Members.

### ***Investigation Officers;***

All investigations into fraud, other than Benefit Fraud which will be investigated by the Benefits Enquiry Unit, will be undertaken by Internal Audit. Benefit fraud, with staff implications, will be investigated by Internal Audit, in conjunction with the Benefit Enquiry Unit. Internal Auditors conducting investigations have powers which allow them access to various records and other information, which may be deemed relevant.

***Human Resources:***

Human Resources will provide advice to employees wishing to raise concerns. They will also provide advice to managers in making decisions concerning suspension from work and disciplinary proceedings. This includes matters covered in employment law and the Council's employment policies.

***Legal Officers:***

Legal Services will provide advice to officers regarding legal proceedings, including the recovery of assets.

**9. References**

Additional information concerning procedural matters can be found by referring to the following documents located on the Council's Intranet (The Loop) or by contacting Human Resources:

- Anti Fraud and Corruption Strategy;
- Guidance to Staff on Surveillance under the Regulation of Investigatory Powers Act 2000;
- WhistleBlowing Policy;
- Proceeds of Crime (Anti-Money Laundering) Policy;
- Standing Orders;
- Contract Procedure Rules;
- Financial Procedure Rules;
- Financial Regulations;
- Code of Conduct for Employees;
- Code of Conduct for Elected Members;
- Disciplinary Policy;
- Local Code of Corporate Governance;
- Equality Scheme.

## OUTLINE OF FRAUD MANAGEMENT PROCESS

