

## **Fraud Response Plan**

### **Introduction**

Uttlesford District Council (UDC) is committed to protecting public funds by the prevention, detection, deterrence and redress of all forms of fraud and corruption as set out in the Council's Counter Fraud and Corruption Strategy.

This Fraud Response Plan provides guidance to employees, managers and the public to define responsibilities for action and reporting lines in the event of suspected fraud or corrupt activity. The use of the plan should enable the Council to prevent loss of public money, recover losses and establish and secure the evidence necessary for any civil, criminal or disciplinary action.

The Fraud Response Plan should also provide direction to take appropriate action against those responsible for any fraud or corrupt act.

Associated Council documents include:

- Counter Fraud and Corruption Strategy
- Whistleblowing Policy
- Disciplinary Policy
- Code of Conduct (Members and Officers)
- Financial Regulations

### **Notifying Suspected Fraud**

The action taken when a suspected case of fraud, bribery or corruption is first found might be vital to the success of any investigation that follows, therefore it is important that actions are in line with this plan.

The Council's Whistleblowing Policy has been written to protect those reporting their concerns and encourages people to report any suspected incidents of fraud or corrupt acts. If you are still unsure of the action to take, you should immediately contact the Audit Manager, the S151 Officer or the Monitoring Officer.

Care should be taken by anyone who suspects fraud or corruption and any officer to whom the suspicion is reported, to retain any evidence and make an immediate note of the issues and concerns.

Suspicious should not be discussed with anyone other than the officer with whom the issues have been raised. Under no circumstances should there be an attempt to investigate the matter on their own.

In cases of suspected money laundering, immediately advise the Council's designated Money Laundering Reporting Officer (see the Anti-Money Laundering Policy).

Any suspicions of fraud should ultimately be reported to the Audit Manager who will collate information on all suspected fraud, theft or corruption and its outcome, across the Council as

part of their assessment of the effectiveness of Counter Fraud and Corruption Strategy and the system of internal control, as a key part of the Council's assurance framework.

It is the responsibility of the Audit Manager to keep the S151 Officer and Monitoring Officer informed of any suspicions of fraud or corruption and where appropriate the Chief Executive and/or Leader. Where an allegation involves an employee, HR will also be consulted with the Service Manager as to what, and by whom, action should be taken.

The action then taken by the Council will depend on the nature of the concern.

## **Management Response to allegation of theft, fraud or corruption**

Where managers are informed of concerns initially:

- Listen to the concerns of staff and treat every report seriously and sensitively
- Obtain as much information as possible, including any notes or evidence to support the allegation, though do not interfere with this evidence and ensure it is kept secure.
- 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 other parties
  - Timescales – one off/ongoing
  - Evidence – where held and access
- Contact the Audit Manager to discuss the allegation and agree any proposed action.

## **Internal Audit Response to allegation of theft, fraud or corruption**

On receipt of an allegation, the Audit Manager will make initial enquiries to:

- Determine the factors that gave rise to the suspicion
- Examine the factors to determine whether a genuine mistake has ~~sd~~ been ~~make~~-made or whether a fraud or irregularity has occurred.
- Where necessary, carry out discreet enquiries and/or review documents
- Risk assess the referral to determine the suitability of the case for investigation

Depending on the outcome, the case may be closed or a more detailed investigation organised with appropriately qualified Investigating Officer appointed. The Audit Manager will liaise with the relevant Service Manager, HR, S151 Officer and/or Monitoring Officer as appropriate to decide on the type and course of the investigation.

This may include referring cases to the Police where necessary, for informal advice and/or further investigation. Care will be taken to ensure that internal disciplinary procedures are followed but do not prejudice any criminal investigation.

## **Internal Investigation**

The Investigating Officer will:

- Record and retain all evidence obtained in line with relevant legislation and consider regulatory and legal considerations.
- Interview suspects where appropriate, which may take the form of an interview under caution under Police and Criminal Evidence (PACE) conditions.
- Where applicable, interview and/or take statements from witnesses
- Liaise with other agencies where necessary e.g. the Police, the Crown Prosecution Service, Department of Works and Pensions, HMRC etc, concerning a potential prosecution where the evidential test (i.e. there is sufficient evidence) and public interest test are met.
- Involve HR where the investigations involves a member of staff.
- When appropriate notify the Council's insurance service of possible loss and the recovery action being attempted. The Council's insurance service should advise the Council's insurer promptly to keep open the possibility of making a claim.
- Report to key parties, and where appropriate, recommend the action to be taken by management in accordance with the Counter Fraud and Corruption Strategy and the Council's Disciplinary Procedures.

## **Sanctions and Prosecution Policy**

Employees may be subject to disciplinary procedures initiated independently of any decision to seek prosecution, in liaison with HR. In the event of Member involvement in theft, fraud or corruption, the Council's Monitoring Officer will intervene in liaison with the Council's Standards Committee.

Depending on the seriousness of the allegations or if a criminal offence is discovered, then the case will be referred to the Police for investigation. Where following a police investigation the police or the Crown Prosecution Service decide not to prosecute, the Monitoring Officer will consider whether the evidence obtained is such that there is a reasonable prospect of securing civil action to recover any loss to the Council.

Where offences relate to corruption or the Bribery Act 2010, only the Crown Prosecution Services can prosecute these offences.

## **Recovery of Losses**

Whenever fraud has been proved, the Council will make every effort to recover the losses. The method used will vary depending on the type of loss and the regulations and powers available, such as the use of Financial Investigators, who may use their designated powers under the Proceeds of Crime Act 2002 to maximise the penalty and level of recovery by the Council.

## **Reporting and Recording**

Whoever has reported the alleged fraud or corruption should be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will receive information about the outcome of any investigation and whether any changes/improvement will be made to systems and procedures as a consequence.

A central record of all reported allegations of fraud and corruption will be maintained.

## **Confidentiality and Publicity**

Details of any investigation are strictly confidential and must therefore not be discussed or conveyed to anyone other than the relevant management representatives and the nominated investigation team.

If the media becomes aware of an investigation and attempts to contact members of the investigating team or any other employees, no disclosure of the alleged fraud and investigation can be given.

All matters relating to statements to the media will be dealt with through the AD for Corporate Services, including details of successful prosecutions where appropriate to publicise the Council's zero tolerance of fraud and corruption.

## Do's and Don'ts

DO	DON'T
<p><b>Make a note of your concerns</b></p> <p>Write down the nature of your concerns and relevant details, such as what is said in conversations, the names and if known, the position of those involved</p> <p>Notes do not need to be overly formal, but should be timed, signed and dated, and held in a secure place</p> <p>Timeliness is most important to avoid misremembering any facts. Note the date and time when the suspicion was reported.</p>	<p><b>Be afraid of raising your concerns</b></p> <p>The Public Interest Disclosure Act provides protection to those who raise reasonably held concerns through the appropriate channels – see the guidance in the Council's Whistleblowing Policy.</p>
<p><b>Report your concerns promptly</b></p> <p>Follow the guidance in the Council's Whistleblowing Policy and if you are unsure, contact the Audit Manager.</p>	<p><b>Convey your concerns to anyone other than authorised persons</b></p> <p>There may be a perfectly reasonable explanation for the events that give rise to your suspicions and it is important that innocent persons and reputation of the Council are not harmed unnecessarily.</p>
<p><b>Retain any evidence you may have</b></p> <p>The quality of evidence is crucial and more direct and tangible the evidence, the better the chances of an effective action.</p> <p>Retain and keep all relevant records/evidence in a secure and confidential location.</p>	<p><b>Approach the person you suspect or try to investigate the matter</b></p> <p>There are special rules relating to the gathering of evidence for use in criminal cases to protect human rights. Any attempt to gather evidence by persons who are unfamiliar with these rules may prevent appropriate action being taken.</p> <p>Don't interfere with or alter any documentary or computer based evidence as a result of an suspicion.</p> <p>Don't attempt to question or interview anyone unless authorised to do so.</p>