

<b>Title:</b>	<b>ANTI-FRAUD &amp; CORRUPTION STRATEGY</b>
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## PART ONE

### GENERAL PROVISIONS

#### 1. CORPORATE GOVERNANCE

1.1 The Council has, and is continuing to develop a corporate governance framework that seeks to manage risk in order to minimise the incidence of fraud, corruption, and other adverse events within the Authority. Much of the corporate governance framework is actually incorporated within the Constitution of the Council and includes all the following elements:

- ♦ Audit & Standards Committee
- ♦ Regulatory Committees
- ♦ Standing Orders
- ♦ Financial Procedure Rules
- ♦ Contract Procedure Rules
- ♦ Fraud Service Agreement
- ♦ Access to Information Procedure Rules
- ♦ Budget & Policy Framework Procedure Rules
- ♦ Members & Officers Codes of Conduct
- ♦ Protocol on Member / Officer Relations
- ♦ Members Allowances Scheme

1.2 In addition to the above constitutional provisions, the Council has the following policies and procedures in place:

- ♦ Risk Management Framework
- ♦ Disciplinary Policy and Procedure
- ♦ Monitoring Officer Arrangements
- ♦ Registers of Interests
- ♦ Registers of Hospitality, Gifts & Entertainment
- ♦ ICT Security Policy
- ♦ Local Code of Conduct in Planning Matters

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- ♦ Anti-fraud and Corruption Policy
- ♦ Anti-Bribery Policy
- ♦ Council Tax Reduction Scheme Sanctions Policy
- ♦ Anti-Money Laundering Policy
- ♦ Whistleblowing Policy
- ♦ Gifts and Hospitality Policy
- ♦ Information Governance Assurance Policy

## 2. CONTENTS OF THE STRATEGY

2.1 Inevitably however, breaches of the law, policy or formal procedure do occur. This Strategy has therefore been produced to establish the Council's determination to ensure that serious concerns are properly raised and addressed in full compliance with the Public Interest Disclosure Act 1998.

2.2 The Strategy establishes the Council's specific approach towards the prevention, detection, notification and investigation of fraud and corruption and summarises the responsibilities of members, managers and officers in this respect.

2.3 The Strategy covers all allegations of fraud or corruption committed against the Council whether they are perpetrated by members, officers, agency staff, partners, contractors or the general public.

2.4 The Strategy gives specific advice and guidance to officers of the Council who undertake or have an interest in investigations. It aims to clarify the roles and responsibilities of all interested parties, including the Chief Executive, Monitoring Officer, Section 151 Officer, Directors, Head of Human Resources and Workforce Development and Workforce Development, and external agencies including the Police. In particular, the Strategy seeks to direct and co-ordinate investigations under the direction of:

- ♦ Directors (in accordance with Financial Procedure Rules)
- ♦ Head of Human Resources and Workforce Development and Workforce Development (under the Council's Disciplinary Policy and Procedure)
- ♦ Monitoring Officer (in accordance with the Local Government Act 2000).

## 3. OTHER CORPORATE PROCEDURES

3.1 This Strategy supplements the Council's Whistleblowing Policy, which encourages officers, members and contractors to disclose any matter which gives them cause for concern and provides guidance on how such matters should be reported. The Strategy is also intended to supplement the Council's Financial Procedure Rules and Disciplinary

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Policy and Procedure, each of which already provides a degree of advice on the conduct of investigations

3.2 Financial Procedure Rules state that Directors shall notify the Head of Internal Audit immediately of any discovered or suspected cases of fraud, corruption, or other financial irregularity.

3.3 Whenever an alleged irregularity occurs, this Strategy should always be read in conjunction with the Anti-Fraud and Corruption Policy and the Disciplinary Policy and Procedure.

3.4 In general, irregularities that do not involve fraud, a breach of Financial Procedure Rules or do not have a direct financial basis will not normally be investigated with assistance from the Internal Audit Team or the Corporate Fraud Service (for example breaches of the Council's policies on leave and sickness absence). These will normally be pursued directly by the respective Director under the Disciplinary Policy and Procedure.

3.5 Where an irregularity does involve fraud or has a financial basis Internal Audit will normally support the investigation, with assistance from the Corporate Fraud Service. The investigative work and report is used as the basis of (or in support of) the management / disciplinary case, which remains the responsibility of the Director under the arrangements laid down in the Disciplinary Policy and Procedure.

#### **4. LEGAL COMPLIANCE**

4.1 The drafting of this Strategy also reflects the need to ensure conformity with the following legal developments:

##### **4.2 Regulation of Investigatory Powers Act (RIPA) 2000**

Any investigations that involve directed surveillance or the use of covert intelligence sources must take account of RIPA. RIPA was introduced in parallel with the Human Rights Act, which (amongst other things) sought to ensure rights to privacy and a fair trial. RIPA makes lawful certain actions by public authorities provided that they are properly authorised.

##### **4.3 Protection of Freedoms Act 2012**

Under the terms of this Act local authority authorisations and notices under RIPA will only be given effect once an order has been granted by a justice of the peace. Additionally, the use of directed surveillance under RIPA by local authorities is limited to the investigation of crimes which attract a six month or more custodial sentence.

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#### 4.4 Localism Act 2011

Under this legislation any allegation made against members of the Council should be referred to the Monitoring Officer in the first instance. Any such allegations that are brought to the attention of the Chief Executive, Section 151 Officer, Director or Head of Human Resources and Workforce Development should be referred directly to the Monitoring Officer.

### **FRAUD PREVENTION**

#### **5. THE ROLE OF MEMBERS**

5.1 As elected representatives, all Members of the Council have a duty to the citizens of Fylde to protect the assets of the Council from all forms of abuse. This is done through the formal adoption of the Anti-Fraud & Corruption Policy and by compliance with the Code of Conduct for Members.

5.2 In addition the Accounts and Audit Regulations 2015 state that a relevant authority must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Members have a duty to provide sufficient resources to ensure that the system of internal audit is "effective".

#### **6. THE ROLE OF THE STATUTORY OFFICERS**

6.1 The Council's Monitoring Officer has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. The Monitoring Officer also encourages the promotion and maintenance of high standards of conduct within the council, partly through the provision of support to the Audit and Standards Committee.

6.2 Section 151 of the Local Government Act 1972 places a statutory responsibility on the Council to appoint one of its officers as 'Section 151 Officer' to ensure the proper administration of the Council's financial affairs. To this end, the Section 151 Officer will advise all members and staff regarding financial propriety, probity and budgetary issues. The Section 151 Officer role is very much supported by the work undertaken by Internal Audit.

#### **7. THE ROLE OF MANAGEMENT**

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7.1 Management at all levels are responsible for ensuring that their staff are aware of the authority's Constitution, Financial Procedure Rules, Standing Orders, Codes of Conduct (including the related policies, protocols, codes and procedures) and that the requirements of each are being met in their everyday business activities. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible.

7.2 Managers are also expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities and adhere to the Whistleblowing Policy when applicable.

7.3 It is vital that managers are alert to potential problems in their work areas and that adequate and effective safeguards are in place to prevent financial irregularities. However, Directors and their managers should also satisfy themselves that checks are in place at the appropriate levels, so that in the event of a breach any irregularity would be picked up promptly, so minimising any loss to the authority. Internal Audit can provide advice and assistance in this area.

7.4 Special arrangements may apply where employees are responsible for cash handling or are in charge of systems that generate payments. Directors and their managers should ensure that adequate and appropriate training is provided for staff and that supervisory checks are carried out from time to time to ensure that proper procedures are being followed.

7.5 The references and qualifications of all proposed new employees should be thoroughly checked prior to a position being offered to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff.

## **8. THE ROLE OF EMPLOYEES**

8.1 Employees are responsible for ensuring that they follow the instructions given to them by management particularly in relation to the safekeeping of the assets of the authority. They may be required to disclose information about their personal circumstances in accordance with the authority's Constitution.

8.2 Employees are expected to be alert to the possibility that fraud and corruption may exist in the workplace and are under a duty to share with management any concerns they may have. Employees are protected under the Whistleblowing Policy, where required, regarding any concerns they raise in good faith.

## **9. THE ROLE OF INTERNAL AUDIT**

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9.1 The Internal Audit Team plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud. The Team carries out fraud searching exercises to establish whether irregularities have occurred and to recommend changes in procedures to prevent further losses to the authority. The Internal Audit Team provides advice and assistance to the Directors and all Service Heads.

9.2 The responsibility for the detection of financial irregularities rests solely and exclusively with management. Internal Audit will advise and assist management in fulfilling their responsibility for preventing irregularities and may assist with the investigation of cases where irregularities are thought to have taken place. There may be circumstances of course, where auditors detect fraud as a result of the work that they are undertaking or as a result of specific fraud searching exercises.

## **10. THE ROLE OF THE CORPORATE FRAUD SERVICE**

10.1 The Corporate Fraud Service is responsible for investigating allegations of fraud and corruption across all Council services, and for the preparing and presenting timely reports of the findings. Internal Audit acts as a liaison between the service and management.

## **11. THE ROLE OF EXTERNAL AUDIT**

11.1 Independent external audit is an essential safeguard of the stewardship of public money. This role is delivered through carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern.

11.2 External auditors are always alert to the possibility of fraud and irregularity and will act without due delay if grounds for suspicion come to their notice. The external auditor may review the Council's arrangements in respect of preventing and detecting fraud and irregularities and arrangements designed to limit the opportunity for corrupt practices.

## **12. THE ROLE OF RISK MANAGEMENT**

12.1 A methodology for identifying, assessing and managing fraud risk within the Council has been developed as part of the Risk Management process. This methodology is applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

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### 13. ROLE OF PARTNERS, CONTRACTORS AND SUPPLIERS

13.1 All organisations associated with the Council are expected to take a proactive role in ensuring the occurrence of fraud and corruption is minimised regarding any dealings with the Council. The standards expected are often set out through legal agreements, which specify the requirements of the Council, when setting up partnerships and other contractual arrangements.

13.2 In the interests of good working relationships and continued dealings with the Council, all associated organisations have a duty to be vigilant regarding the possibility of fraud, irregularity and corruption with a view to reporting any suspicions in accordance with the principles stemming from the Council's own policies, procedures and standards.

13.3 The Council's Anti-Fraud & Corruption Policy is commended to the Council's partner organisations where comprehensive arrangements are not in place, with the expectation that it will be applied either wholly or as the basis for their own local version.

### 14. ROLE OF THE PUBLIC

14.1 Whilst this strategy is primarily aimed at those within or directly associated with the Council, the public has a role to play in that they should be honest in their dealings with the Council and inform appropriate members and/or officers of the Council if they feel that fraud and / or corruption may have occurred.

### 15. DETERRENCE

15.1 Fraud and corruption are serious offences against the authority and employees may face disciplinary action and / or prosecution. Members of the public may also be subject to a sanction or prosecution, if there is sufficient evidence that they have been involved fraudulent activities against the authority. This is designed to deter others from committing such offences.

15.2 There are also other specific ways in which the Council seeks to deter potential wrongdoers from committing or attempting fraudulent or corrupt acts. These include:

- ♦ Publicising that the Council has zero tolerance to fraud and corruption at appropriate opportunities and will take stern action against perpetrators

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(e.g. dismissal of employees, prosecution of offenders, termination of contracts etc.).

- ♦ Acting robustly and decisively when fraud and / or corruption are suspected and, if proven, being committed to viewing cases seriously and taking action as appropriate bearing in mind all relevant factors of each case.
- ♦ Taking action to identify accurately the nature and scale of losses incurred following investigations of fraud and corruption.
- ♦ Always seeking to maximise recoveries for the Council, through agreement, repayment, court action, penalties, insurance etc.
- ♦ Actively monitoring proceedings for the recovery of loss.
- ♦ Referring appropriate investigative cases to the Police if there is sufficient evidence that criminal offences above an approved level are likely to have occurred.
- ♦ Where appropriate, publicising the results stemming from investigations into suspected cases of fraud and corruption as a deterrent to potential fraudsters.

## 16. NATIONAL FRAUD INITIATIVE (NFI)

16.1 The National Fraud Initiative (NFI) exercise is organised by the Cabinet Office. The Council actively takes part in the initiative as it forms part of a continuous attempt to identify fraud. NFI is about matching information contained within the Council's computer systems against information contained within other organisations' systems, for example, council tax, benefits, payroll, student awards and pensions. The main aims being to identify fraudulent claims, discounts and concessions, and to detect cases of sub-letting or dual tenancies.

16.2 At Fylde, NFI is co-ordinated by the Internal Audit Team working principally with the Corporate Fraud Service and the shared Revenues and Benefit Service. The key tasks are:

- ♦ ensuring that data is submitted on time in the required format;
- ♦ performing an initial review of the results;
- ♦ liaising with other participating organisations;
- ♦ passing any suspected fraudulent cases to the appropriate officers for investigation.

## 17. NATIONAL ANTI-FRAUD NETWORK (NAFN)

17.1 Membership of the National Anti-Fraud Network (NAFN) is available to all local authorities in England & Wales and exists to provide individual councils with a variety of fraud intelligence and information sharing services. NAFN also has links with a variety of

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external agencies that supply information in order to prevent and detect fraud. These include the Credit Industry Fraud Avoidance Scheme (CIFAS), the Police, the UK Border Agency, the University & Colleges Admissions Service (UCAS) and some utility companies.

17.2 NAFN is organised into 5 regional areas, Fylde belonging to the Northern Region. The Council's key contact for NAFN is the Corporate Fraud Service, due the nature of the investigations it undertakes.

## 18. DEFINING SUCCESS

18.1 The focus of the Anti-fraud & Corruption Strategy must be concentrated on the clear arrangements described above to counter the incidence of fraud and corruption. Success in fraud deterrence, prevention and detection are based upon the anti-fraud framework defined in the CIPFA Code of Practice for Counter Fraud:

- ♦ Acknowledge responsibility for countering fraud and corruption
- ♦ Identify the fraud and corruption risks
- ♦ Develop a counter fraud and corruption strategy
- ♦ Provide resources to implement the strategy
- ♦ Take action in response to fraud and corruption

Key performance measures have been developed as part of this strategy and are attached as Appendix 1.

## REPORTING ALLEGATIONS AND WHISTLEBLOWING

### 19. NORMAL REPORTING LINES

19.1 Irregularities regarding the general public, officers, or members may come to light in a variety of circumstances. These include:

- ♦ Data-matching (National Fraud Initiative)
- ♦ The results of routine Internal Audit work;
- ♦ Complaints by members of the public or other third parties;
- ♦ Referrals by governmental or other agencies;
- ♦ Whistle-blowing by members of staff;
- ♦ Proactive fraud searching exercises by the Internal Audit Team;

19.2 Any member of staff who discovers circumstances that may involve an irregularity should normally report the matter to their line manager. Thereafter, line managers should immediately inform their Head of Service or Director.

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19.3 If the suspected irregularity is in respect of financial transactions or in any matter affecting property, cash, stores, remuneration, allowances, purchases or contracts, Heads of Service or Directors should report the matter to the Head of Internal Audit (in accordance with the Council's Financial Procedure Rules). The Head of Internal Audit will in turn inform the Section 151 Officer who should advise the Chief Executive of all significant cases.

19.4 If involves a member the matter the Head of Internal Audit should advise the Monitoring Officer.

19.5 In other instances Heads of Service or Directors should consult the Head of Human Resources and Workforce Development as to whether the Disciplinary Policy and Procedure should be invoked.

19.6 Directors are responsible for managing the discipline of employees in their respective directorates and in most circumstances they will act as the disciplining officer for the purposes of the Disciplinary Policy and Procedure (although this may be delegated to other senior officers). The employing Service Head or Directors should nominate another officer to carry out an investigation – the "Investigation Officer". The Investigation Officer will usually be a manager within the relevant directorate.

19.7 In order to ensure independence in this process it may be necessary for the Service Head or Director to appoint an officer from another service to act as the Investigation Officer. The Council will arrange training for all staff who may be required to perform this role.

19.8 The Investigation Officer will be advised by the Internal Audit Team and assisted by the Corporate Fraud Service. This may involve the Corporate Fraud Service undertaking much of the investigation work and providing the Investigation Officer with evidence for a formal report.

19.9 In all cases, no one having any part to play in reaching a decision about any matter raised through the reported suspicion will take any part in the conduct of the investigation.

## 20. ALLEGATIONS AGAINST SENIOR OFFICERS AND MEMBERS

20.1 It may become necessary to investigate allegations made against senior officers or members. In these cases, if the alleged irregularity involves:

- ♦ A Head of Service - the responsible Director should be notified directly.
- ♦ A Director - the Chief Executive should be notified directly.

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- The Chief Executive - the incident should be reported in the first instance to the Section 151 Officer, who should inform the Leader of the Council.
- An elected member - the incident should be reported to the Monitoring Officer who should in turn inform the Chief Executive and Leader of the Council. The Monitoring Officer should then complete the process adopted by the Council for determining complaints against members.

20.2 The officers designated below shall perform the functions of disciplining officer and Investigation Officer in the cases of alleged irregularities involving line managers or Directors.

<b>Officer Suspected</b>	<b>Disciplining Officer</b>	<b>Investigation Officer</b>
Head of Service	Director of the service concerned	Director for another service
Director	Chief Executive	Director for another service

20.3 In respect of alleged irregularities involving the Chief Executive, the allegation shall be considered by an independent person and then in accordance with his/her terms and conditions of employment.

20.4 In respect of alleged irregularities involving an elected member, including the Leader of the Council, the matter shall be dealt with in accordance with the procedures for the time being specified by legislation or official guidance.

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## PART TWO

### INTERNAL INVESTIGATIONS PROCEDURE

#### 21. THE PROCEDURE IN OUTLINE

21.1 The Council's Internal Investigations Procedure largely covers investigations into officers and members of the authority. It is however acknowledged that various forms of investigation are undertaken in other areas of Council business, for example council tax, procurement, health & safety, planning, environmental services, and corporate complaints. The procedure is designed to support and supplement the separate arrangements that already exist in these areas.

#### 21. INVESTIGATION – OFFICERS

22.1 Investigations are necessary in order to:

- ♦ Find out the facts before taking any form of action;
- ♦ Apply appropriate sanctions;
- ♦ Eliminate innocent people from unjustified suspicion;
- ♦ Improve systems, procedures and controls;
- ♦ Recover losses;
- ♦ Prevent and deter.

22.2 The first stage of any potential investigation is to establish whether the matter under consideration actually constitutes an irregularity (and if so who should investigate). Any irregularity that involves the use of deception to obtain an unjust or illegal financial advantage may be classed as a fraud.

22.3 Irregularities fall within the following broad categories:

- ♦ **Theft** – the dishonest taking of property belonging to another, with the intention of permanently depriving the owner of its possession. This may also involve the use of deception.
- ♦ **Fraud** – the Fraud Act 2006 introduced a general offence of “fraud” which may be committed in three ways: by making a false representation, by failing to disclose information or by an abuse of position. In each case it is not necessary to prove that an individual has actually gained from their action simply that there was an intention to gain from their behaviour, cause loss or expose the Council to the risk of loss.

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- ♦ **Bribery and corruption** – the Bribery Act 2010 established the crimes of bribery and being bribed, and defined bribery as occurring when a person offers, gives or promises financial or other advantage to another individual in exchange for improperly performing a relevant function or activity. This could occur in connection with contracts, consultancy engagements, purchasing and appointment of staff.
- ♦ **False accounting** – falsification, fraudulent amendment or destruction of documents in order to distort the true nature of a transaction, with a view to gain personal advantage or the intent to cause another loss.
- ♦ Failure to observe or breaches of:
  - **external regulations** for example Health and Safety Regulations
  - **Constitution of the Council** including Standing Orders, Financial Procedure Rules and Codes of Conduct
  - **Council policies and procedures** especially personnel policies and procedures relating to recruitment & selection, annual leave and sickness absence
  - **directorate procedures**
  - **management instructions**

22.4 Whilst the potential for irregularity is present across the full spectrum of activity in any local authority, certain areas are, by their nature accepted as being of higher risk than others. These areas include:

- ♦ Cash Handling;
- ♦ Tendering & Award of Contracts;
- ♦ Appointing External Consultants;
- ♦ Appointing Staff;
- ♦ The External Pecuniary Interests of Members / Officers;
- ♦ Gifts & Hospitality;
- ♦ Claims for Allowances and Expenses;
- ♦ Awarding Licences / Planning Consent / Land Valuations, etc;
- ♦ Purchasing.

22.5 The following paragraphs explain the procedures to be followed in investigations undertaken with the assistance of Internal Audit or by the Corporate Fraud Service, however, the principles may apply equally to other investigations.

22.6 Where allegations are reported to the Head of Internal Audit, the Internal Audit Team will undertake a brief initial assessment of the circumstances and will recommend whether to:

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- ♦ Take no further action;
- ♦ Refer the matter to the Head of Service or Director;
- ♦ Consult with the Head of Human Resources and Workforce Development;
- ♦ Initiate a Preliminary Investigation by advising the Corporate Fraud Team;
- ♦ Other (e.g. some combination of the above).

22.7 If the initial assessment highlights matters of a minor nature, Service Heads or Directors may be asked to investigate them within their own directorates with ongoing advice and assistance from Internal Audit as necessary. In these instances, Internal Audit should be kept advised as to progress.

22.8 If the initial assessment highlights more serious matters that Internal Audit considers should not be dealt with exclusively by the Service Heads or Directors, Internal Audit will inform the Corporate Fraud Service who will support the designated Investigation Officer in the conduct of the investigation as necessary.

22.9 The investigation will normally be carried out by a team comprised of the Investigation Officer together with a member of the Corporate Fraud Service, and where appropriate a member of Internal Audit, Human Resources or other relevant officers. In any event the Head of Human Resources and Workforce Development would be consulted regarding potential disciplinary proceedings.

22.10 The appropriate Director would normally be informed of an investigation unless the allegation either directly involved or may implicate the said Director, or where the Director might be a material witness.

22.11 The preliminary investigation must be carried out with the utmost confidentiality and as much relevant information as possible should be gathered before alerting or approaching suspected parties.

22.12 The Investigation Officer should not necessarily restrict their enquiries solely to the specific allegation(s) made. The premise to be followed is that if a person is alleged to have committed an offence in one sphere of their activities, they may well have committed offences in any other area of their responsibilities where the opportunity arose. Therefore the full extent of possible irregularity should be determined.

## **23. INVESTIGATION – MEMBERS**

23.1 These will be carried out in accordance with the procedures adopted by the Council and under the supervision of the Monitoring Officer.

## **24. RECORD KEEPING / EVIDENCE / CONFIDENTIALITY**

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24.1 When the Head of Internal Audit is notified of a suspected fraud, an entry will be made into the Special Investigation Register. All entries into the Register will be sequentially referenced, so there is a continuous record of all entries. The Register will only be available to the:

- ♦ Chief Executive;
- ♦ Monitoring Officer;
- ♦ Section 151 Officer;
- ♦ Internal Audit;
- ♦ External Auditor.

24.2 When the preliminary investigation work is performed a folder should be established and updated on an ongoing basis as the matter is progressed, incorporating the details / results of the enquiries carried out, including all meetings, interviews and telephone discussions. The file should also contain any records, documents, calculations or other forms of evidence that may later form the basis of any report that is deemed necessary.

24.3 It is essential that all available evidence relating to the fraud be preserved without alerting the alleged perpetrator to official suspicions. In all cases procedures followed must ensure full compliance with RIPA and PACE with regard to obtaining and documenting evidence, so that the evidence obtained remains admissible in a court of law.

24.4 The most common forms of evidence and a brief note of how they should be preserved are given below:

- ♦ **Original documents** - Original documents should be obtained and retained. The documents should be handled as little as possible and should be put in a protective folder. Under no circumstances should they be marked in any way. A record of all documents should be maintained, detailing how, when and where they were obtained. All copies of original documents or screen images should be formally certified as a true copy with the date of copying.
- ♦ **Desk Search** - If an employee is under suspicion then their desk/work station can be searched. However any such search must be undertaken by two managers led by the Head of Internal Audit. Under PACE conditions the contents of the desk/work station should be listed and the list should be signed by both officers as being a true record of what was found.
- ♦ **Computer data** - When potential evidence may be held on a council-owned computer or other digital storage device such as a laptop computer, tablet, mobile/smart phone or USB drive the equipment should be secured by the

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Head of Internal Audit in accordance with the Forensic Readiness Policy and Good Practice Guide for Digital Evidence issued by the Association of Chief Police Officers (ACPO). Under no circumstances should any computer or other digital device thought likely to contain evidence be powered down or access/download be attempted by individuals not appropriately trained.

- ♦ **Video evidence** - There may be CCTV based evidence available. If it is suspected that a camera system may have information of value, the hard copy media should be secured in accordance with the Good Practice Guide for Digital Evidence issued by ACPO. Under no circumstances should any video evidence download be attempted by individuals not appropriately trained.

24.5 Whenever a person is suspended from work they should be asked to remove all personal belongings from their desk/workspace and be informed that the desk/workspace may be examined. Under no circumstances should an employee once suspended be allowed to access their files or computer records, any remote access or phone-in links should be terminated immediately the suspension decision is taken.

24.6 Full security of investigatory records (both manual and computerised) must be maintained at all times. The Chief Executive may authorise disclosure of investigation reports and associated documentation to third parties solely for the purposes of obtaining legal, employment, medical, financial, technical, or other professional advice whatsoever in relation to the case.

24.7 In general terms, all those engaged in investigation work should maintain secrecy and confidentiality throughout. This is because:

- ♦ Allegations / suspicions of fraud may turn out to be unfounded and if secrecy and confidentiality have been maintained this will prevent considerable embarrassment to both the accused officer and the authority.
- ♦ Investigations are of immediate interest to employees, members of the public and the media. Careless talk can generate rumours which quickly obtain wide circulation
- ♦ Where fraud had occurred, breaches of confidentiality could alert the suspect and result in them having an opportunity to cover their tracks or destroy material evidence or otherwise frustrate the investigative process.

## 25. POLICE INVOLVEMENT

25.1 The police are expert at investigating fraud and referring cases to the Crown Prosecution Service for criminal proceedings. They can also advise on the likely outcome of any intended prosecution. The relevant Director will have sole

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responsibility for requesting police involvement after consultation with the Chief Executive.

25.2 Any such request for police involvement will normally follow a report by the Investigation Officer to management indicating that there is a potential criminal case.

25.3 Where an irregularity is reported to the Police and the suspected perpetrator(s) are known, he/she/they should normally be suspended from duty in order to facilitate the forthcoming investigation.

25.4 If the Police decide that a formal investigation is necessary, the Investigating Team and all other employees will co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be through the Investigation Officer.

25.5 The Council will normally defer inquiries of their own into matters other than the protection of Council property and the preservation of evidence, until the Police enquiries are complete. The Council will then review the matter in the light of the outcome of the Police enquiries.

25.6 The fact that a Police investigation has not resulted in prosecution should not necessarily prevent the internal investigation proceeding. It should be recognised that the standard of evidence required for a disciplinary offence is on the “balance of probabilities” and is less than that required for a criminal offence which has to be proved “beyond reasonable doubt”.

## **26. SURVEILLANCE**

26.1 Any investigations that involve directed surveillance or the use of covert intelligence sources must take account of the Regulation of Investigatory Powers Act 2000, the Protection of Freedoms Act 2012 and Council procedures.

26.2 The key provisions of RIPA are:

- ♦ Surveillance must be appropriate for the advancement of the investigation.
- ♦ An application for authorisation for directed surveillance must be made in writing.
- ♦ Authorisation must be given in advance by prescribed persons, formally nominated by the authority for this purpose.
- ♦ Authorisations must be given in writing using designated forms and can only be given on one of the grounds specified in the Act as “for the purposes of preventing or detecting crime or of preventing disorder”.

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- ♦ Applications should contain sufficient detail to enable the authorised officer(s) to make an objective assessment. The reasons for granting / not granting authorisation should be noted on the application.
- ♦ The authorised activity must be reasonable, proportionate and necessary.
- ♦ A central record must be maintained of ongoing and completed surveillance operations.
- ♦ Authorisations are valid for a period of 3 months only. Designated renewal forms must be completed / authorised if the surveillance is to continue. The authorising officer must question the validity of any surveillance lasting more than 3 months.
- ♦ Once surveillance ceases to be necessary, designated cancellation forms should be completed / authorised.

26.3 The Authority's formally agreed list of prescribed persons is as follows:

- ♦ Chief Executive
- ♦ Directors

26.4 The Monitoring Officer has an overall responsibility to oversee the operation of the system of giving authorisations. The Monitoring officer should also be consulted for advice whenever it is unclear whether RIPA applies to a given situation.

26.5 Copies of the forms issued by the above prescribed persons must be passed to the Monitoring Officer to be retained in a central control register as they may be required as evidence at some future date.

26.6 The key provisions of the Protection of Freedoms Act 2012 are:

- ♦ Before an authorisation can take effect an order must be obtained from a JP (a District Judge or lay magistrate) approving the grant or renewal of an authorisation or notice
- ♦ This does not, however, remove or reduce in any way the duty of the authorising officer to determine whether the tests of necessity and proportionality have been met. Similarly, it does not remove or reduce the need for the forms and supporting papers that the authorising officer has considered and which are provided to the JP to make the case
- ♦ The JP must be satisfied that the statutory tests have been met and that the use of the technique is necessary and proportionate. In addition, the JP must be satisfied that the person who granted the authorisation was an appropriate designated person within the local authority. In such case s/he will issue an order approving the grant or renewal for the use of the technique as described in the application.

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## 27. INVESTIGATORY INTERVIEWS – OFFICERS

27.1 During the course of an investigation it is often necessary to question the employee under suspicion in order to establish facts. Under the Council's Disciplinary Policy and Procedure, such investigatory interviews are normally conducted by the nominated "Investigation Officer", but s/he may be assisted by a member of the Corporate Fraud Team and/or Internal Audit Team if Internal Audit is involved in the investigation.

27.2 All interviews must be arranged with prior notice under the terms of the Council's Disciplinary Policy and Procedure and must be attended by:

- ♦ the Investigation Officer
- ♦ a representative of the Corporate Fraud Service, normally a member of the Investigating Team

A representative of Internal Audit and / or Human Resources may attend if necessary.

27.3 The employee may also be accompanied at the investigatory interview by a Trade Union representative or work colleague but a failure on the part of the interviewee to obtain a suitable companion after the standard period of notice does not provide sufficient reason for the interview not to proceed.

27.4 Interviews should be held in a private, neutral space at a reasonable time of day. Prior to the interview, the interviewing officers will obtain all relevant facts pertinent to the investigation and prepare a structured set of interview notes, setting out the information required and questions to be asked.

27.5 It should be made clear at the outset what the purpose of the investigatory interview is and that the interviewee's representative may not answer questions on his / her behalf.

27.6 A record of the questions asked and detailed records of the responses received must be made. Recording equipment should be used to ensure accuracy and for the avoidance of disputes. Care should be taken in framing the questions and no action that could be construed as duress by the interviewee must take place.

27.7 If the alleged irregularity is of a criminal nature and there is the possibility of criminal charges being laid against an individual, suspect employees should not be interviewed before formal consideration of whether to request police involvement. In most cases, it is preferable for the Police to conduct such interviews.

27.8 If it is the intention to question a person suspected of committing a criminal offence, that person must be formally cautioned before further questioning takes place.

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27.9 Interviewees should be provided with a copy of the interview transcript.

## **28. INVESTIGATORY INTERVIEWS – MEMBERS**

28.1 These will be carried out in accordance with the procedures adopted by the Council and under the supervision of the Monitoring Officer.

## **29. SUSPENSION**

29.1 At the outset or during the course of an investigation it may become necessary to consider suspending the alleged perpetrator(s) from carrying out their normal duties. Under the Council's Disciplinary Policy and Procedure, depending on the circumstances of the case the employee may be:

- ♦ Required to remain in their own post on restricted duties.
- ♦ Required to work in any other position within the Council.
- ♦ Suspended from all duties and required to remain away from work.

29.2 The Disciplinary Policy and Procedure contains guidance on the circumstances under which suspension is appropriate and the process that must be followed.

29.3 A key concern for the Investigation Officer is to protect the integrity of any unsecured evidence and to prevent any influence the suspect(s) might bring to bear on associates. If this is considered to be a material threat, the Investigation Officer should recommend suspension to the Director / Head of Service concerned (in consultation with the Head of Human Resources and Workforce Development).

29.4 Where the suspension requires an employee to remain away from work, the manager should (with possible assistance from Customer Service Attendants or other appropriate officers as appropriate):

- ♦ Escort the employee to his / her workstation.
- ♦ Allow the employee to remove any personal possessions.
- ♦ Ensure that nothing material to the investigation is removed (e.g. diaries).
- ♦ Prevent access to files or computer records.
- ♦ Require the employee to hand over any keys, identity cards, passes, Council purchasing cards, IT devices, mobile/smart phone etc.
- ♦ Escort the employee from the premises.

29.5 Where necessary in the circumstances of the investigation, the Head of Service or Director should arrange for:

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- ♦ Immediate termination any remote access or phone-in links
- ♦ Prompt changing of door access codes to prevent unauthorised entry to Council premises by the suspended employee.

### 30. INVESTIGATION REPORTING - OFFICERS

30.1 At the end of the preliminary investigation, the Investigation Officer must decide whether there is a case to be answered and, therefore, if it should proceed to a disciplinary hearing. If it is to proceed, s/he must produce a written Preliminary Investigation Report in conjunction with the Corporate Fraud Service.

30.2 If any or all of the investigation has been undertaken by the Corporate Fraud Service and / or Internal Audit, either service will assist with the preparation of the Preliminary Investigation Report.

30.3 The Preliminary Investigation Report should contain:

- ♦ Background to the case
- ♦ Full details of the investigation process followed;
- ♦ A summary of the evidence obtained;
- ♦ The potential nature of the offences (if any) committed;
- ♦ Recommendations as to Police referral (where appropriate);
- ♦ Recommendation as to the requirement for a disciplinary hearing

30.4 All reports should be factual, impartial and, unless absolutely necessary contain no opinion.

30.5 With regard to whistle blowing considerations under the Public Interest Disclosure Act, in certain circumstances the names of witnesses may be deleted in a report and provided in a separate covering document. However although protection is guaranteed to witnesses, they cannot (other than in exceptional circumstances) be guaranteed anonymity as they may be required to give evidence at a future hearing, appeal, tribunal or in court.

30.6 The investigation may also reveal weaknesses in systems, procedures or internal control that need to be rectified for the future. At an appropriate stage, a separate Internal Audit Report will be issued to the relevant Head of Service or Director detailing such weaknesses together with corresponding recommendations for corrective action.

### 31. INVESTIGATION REPORTING - MEMBERS

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31.1 These will be carried out in accordance with the procedures adopted by the Council and under the supervision of the Monitoring Officer.

## **32. HEARINGS & APPEALS – OFFICERS**

32.1 The Council's detailed rules on disciplinary hearings and appeals are contained in the Disciplinary Policy and Procedure. Where an investigation has been undertaken (partially or wholly) by the Corporate Fraud Service and / or Internal Audit, either service may undertake the following:

- ♦ Advising management on how they might approach a disciplinary case that is based on the results of a Corporate Fraud Service or joint Corporate Fraud Service / management investigation.
- ♦ Advising management on how to formulate disciplinary charges.
- ♦ Advising management on how to put together a disciplinary package of evidence.
- ♦ Attending the disciplinary interview (and possible appeals) as a witness.

32.2 The Corporate Fraud Service and Internal Audit only provide evidence to a disciplinary hearing and have no other influence on the Disciplinary Panel's decision.

32.3 Where the investigation is into matters of a potentially criminal nature, the Police may have been informed at an earlier stage. However, in certain circumstances it may have been decided to proceed with the internal investigation before contacting the Police. Under these circumstances the Investigation Officer may decide to inform the Director / Head of Human Resources and Workforce Development if it becomes clear that a criminal offence has been committed. They would in turn review the issue of Police referral.

32.4 In any event, after the internal investigation is completed and if the matter proceeds to a Disciplinary hearing, the disciplining officer should ensure that the Director / Head of Human Resources and Workforce Development are informed of any potentially criminal offence. The issue of Police referral is a matter for the Director and/or Head of Human Resources and Workforce Development to decide (in conjunction with the Chief Executive).

32.5 It should also be borne in mind that where actual losses have occurred, if an insurance claim is to be pursued the matter must first be reported to the Police and a crime number obtained. This number needs to be inserted on actual claim form.

## **33. HEARINGS & APPEALS – MEMBERS**

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33.1 These will be carried out in accordance with the procedures adopted by the Council and under the supervision of the Monitoring Officer.

## **34. LOSS RECOVERY**

34.1 Where actual losses have occurred the relevant Director must take action to identify accurately the nature and scale of losses incurred following investigations of fraud and corruption.

34.2 It may be possible to recover them (wholly or in part) via an insurance claim, in which case the Police must first be contacted for a crime number for insertion on the actual claim form.

34.3 The Council's policy for recovering uninsured losses from the perpetrators of fraud is to do so in all cases seeking to maximise recoveries through agreement, repayment, court action and any other available penalties. All options should be considered and none should be regarded as mutually exclusive.

34.4 Court action to recover losses should normally be undertaken where, having considered all the available evidence, the Head of Governance takes the view that recovery action through the Courts is likely to succeed and it is financially beneficial to proceed, taking into account the costs of legal proceedings.

34.5 Whatever methods are used to recover losses incurred, the relevant Director must actively monitor recovery progress as part of standard procedure and as a key measure of performance in relation to this strategy.

## **35. REVIEW**

35.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption and is determined to ensure that these arrangements keep pace with any future developments, in both prevention and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

35.2 To this end, the Council will maintain a continuous overview of such arrangements, including this Strategy, through the roles of the Monitoring Officer and Section 151 Officer.

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## APPENDIX 1

### DEFINING SUCCESS – Key performance indicators

Ref	Performance Indicator	Responsibility
<b>ACKNOWLEDGE RESPONSIBILITY FOR COUNTERING FRAUD</b>		
1	The Council maintains itself as an organisation that puts probity and accountability high on its agenda and has a zero tolerance to issues of fraud and corruption	Management Team
2	The Council upholds an ethical framework of ‘building blocks’ that constitutes good governance arrangements, such as the Constitution, Codes of Conduct, and, of particular relevance, the Anti-Fraud & Corruption Strategy	Management Team
3	The effectiveness of fraud detection and prevention is assessed annually as part of the corporate fraud arrangements	Resources Director
<b>IDENTIFY FRAUD RISKS</b>		
4	The Corporate Fraud Service and the Internal Audit Service both undertake a range of proactive anti-fraud and corruption work	Head of Internal Audit/Corporate Fraud Service
5	The Risk Management Strategy takes account of fraud and corruption risks both strategically and operationally within the Council and in respect of significant partnerships and contractual relationships	Risk & Emergency Planning Manager
6	The impact of illicit activity is measured where practicable, using published estimates of fraud loss	Corporate Fraud Service
<b>DEVELOP AN APPROPRIATE STRATEGY</b>		
7	The Council has adopted a counter fraud and corruption strategy to address identified fraud risks that includes both proactive and responsive approaches	Head of Internal Audit
8	The Council’s suite of anti-fraud policies are reviewed and updated on an annual basis	Head of Internal Audit
9	The Council’s Whistleblowing Policy complies with best practice and the British Standard on Whistleblowing	Head of Internal Audit
10	The Council employs a partnership approach to the management of fraud and its investigation	Resources Director
11	The Corporate Fraud Service is actively monitored on an ongoing basis against the Collaboration Agreement	Head of Internal Audit

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Ref	Performance Indicator	Responsibility
<b>PROVIDE RESOURCES</b>		
12	The Council has entered into a 3-year collaboration agreement to supply appropriate resources to support the counter fraud strategy	Resources Director
13	The Counter Fraud Service utilises only experienced and trained investigation staff with professional accreditation	Corporate Fraud Service
14	Internal Audit has unhindered access to Council employees, information and other resources as required for investigation purposes	Management Team
<b>TAKE ACTION TO TACKLE THE PROBLEM</b>		
15	The Council has a comprehensive policy framework that supports the counter fraud strategy	Management Team
16	The Internal Investigations Procedure is robustly applied in all cases	Head of Internal Audit/Corporate Fraud Service
17	All concerns raised through the Whistleblowing process are investigated to establish whether there is a genuine case to answer	Head of Internal Audit/Corporate Fraud Service
18	A safe recruitment strategy is operating to ensure all new employees meet reference, qualification and legal status requirements	HR Contract Liaison Officer
19	Overall employee awareness levels about the Council's counter fraud culture and arrangements are high	Directors
20	Cases of fraud and corruption against the Council that result in criminal prosecution are widely publicised	Communications Officer
21	The Council participates actively in the National Fraud Initiative and investigates all high risk cases identified	Head of Internal Audit
22	Where a fraud has occurred, management makes suitable changes to systems and procedures in order to minimise the potential for similar frauds	Head of Internal Audit
23	The Council is effective in recovering any losses incurred by fraud and corruption	Directors
24	The Corporate Fraud Service achieves its defined annual performance targets	Corporate Fraud Service
25	An annual report is prepared and presented to the Audit & Standards Committee on the performance of the Corporate Fraud Service	Head of Internal Audit/Corporate Fraud Service

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