



**2004-2005**  
*Supporting People*

**2006-2007**  
*Waste and Recycling*

**2006-2007**  
*Culture and Sport for  
Hard to Reach Groups*

**ANTI-FRAUD &  
CORRUPTION AND  
WHISTLEBLOWING POLICY**

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## 1 Introduction

- 1.1 The purpose of this policy is to clarify to Members, employees and the general public and other organisations what the Council's policy and approach is to fraud and corruption.
- 1.2 Our approach is to proactively and effectively manage the risk of fraud and corruption and minimise the losses incurred by:
- Maintaining a fully integrated **strategy**
  - Promoting a **culture** of honesty and propriety
  - **Deterring** would be fraudsters
  - **Preventing** fraud that can not be deterred
  - **Detecting** fraud that can not be prevented
  - Professionally **investigating** fraud that is detected
  - Applying **sanctions** against people who commit fraud
  - Seeking **redress** for assets defrauded
  - Making Members, contractors and partners aware of the Policy and of how to raise concerns
  - Providing training and guidance to all employees
- 1.3 Appendix A Summarises all the related policies and documents in the Council that support the anti-fraud and corruption culture of the organisation, and which are referred to in this policy.
- 1.4 It is one of the External Auditor's statutory duties to ensure that this Council has in place adequate arrangements for the prevention and detection of fraud and corruption. The Internal Audit and Fraud Team has responsibility for ensuring the Council complies with the policy.
- 1.5 Preventing and detecting fraud is a key priority in view of the high degree of external scrutiny of its affairs by a variety of bodies including: -
- Local Government Ombudsman
  - The Audit Commission
  - Central Government Departments including HM Revenue and Customs, and the Department of Works and Pensions.
  - Media
  - Public

## 2 Definitions

- 2.1 This policy is designed to cover risks associated with theft, fraud or corruption. These terms are defined below:
- 2.2 **Theft** - This is defined as '*dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it*'.
- 2.3 **Fraud** – This has been formally defined by the Audit Commission as '*the intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain*'.
- 2.4 The Fraud Act 2006 describes the following 3 methods of committing fraud:
- Fraud by misrepresentation

- Fraud by failing to disclose information
- Fraud by abuse of position

2.5 **Corruption** – This has been defined as: *‘the offering, giving, soliciting or acceptance of any inducement or reward which may improperly influence the action of any person’.*

2.6 In addition, the legislation relating to corrupt practices in public bodies also describes *‘forbearing to do anything for reward’* as corrupt.

### 3 Counter Fraud Strategy

3.1 **Maintaining an integrated framework** – The Council’s policy is to take a fully integrated approach to preventing, deterring, detecting and investigating internal and external theft, fraud and corruption.

3.2 A Counter Fraud Strategy will be maintained which will contain an assessment of the fraud risks to the Council and will include a programme of work designed to maintain and improve the framework in line with best practice. The emphasis will, however, be on prevention.

3.3 The policy will apply to all areas of the Council, with managers at all levels being responsible for the communication and implementation of this policy in their work area and ensuring their employees are familiar with all appropriate rules and procedures.

3.4 **Link to the Council’s Strategic Priorities** – Maintenance of this policy supports the Council’s corporate priorities (see below) by demonstrating effective management of the risk of fraud and corruption and also by minimising the losses incurred.

- A strong and sustainable Babergh economy,
- A safer and healthier Babergh
- A cleaner greener Babergh
- Quality homes local people can afford
- Vibrant places, strong communities

3.5 The measures put in place will need to be balanced with their impact on the cost of service provision. However, reducing losses through fraud and corruption and reducing the need to spend time investigating suspected cases, will free up resources for further service provision

3.6 **Outcomes against which to measure effectiveness** – The following indicators will be used to monitor the implementation of the Anti-Fraud & Corruption and Whistleblowing Policy:

- The number of suspicions of fraud identified by or referred to the Audit and Fraud Section.
- The number of cases investigated in which fraud or corruption is proven.
- The value of amounts misappropriated (of all kinds including employee time).
- Annual survey by the Audit & Fraud section to test managers’ awareness of fraud and corruption.
- Housing and Council Tax Benefit fraud sanctions
- The results of the National Fraud Initiative (NFI).
- The number of employees disciplined for offences involving fraud or corruption.

3.7 **Link to Risk Management and Control Assurance** – Theft, fraud and corruption are seen as business risks for this Council and are being managed as part of the Council’s risk management framework through an annual update of the Fraud and Corruption Risk Register. The risk assessments carried out enable the Council to identify the fraud and corruption risks it faces, determine the controls in place to mitigate these risks and to identify changes that would improve control.

- 3.8 Any fraud and corruption risks that are assessed as being above the Council's corporate risk tolerance line are subject to proactive counter fraud and corruption work by the Council's Audit and Fraud Section.
- 3.9 If any fraud and corruption risks are identified during internal audit reviews that have not already been recorded on the Fraud and Corruption Risk Register the risks will be assessed, the controls already in place will be reviewed, tested and assessed, additional or alternative controls will be identified if appropriate.
- 3.10 The Assurance Statement on Internal Controls, completed annually by each Division requires each Head of Service to report on the adequacy of the arrangements in place to minimise the risk of fraud and corruption.
- 3.11 The Director of Finance and Audit Manager conduct an annual review of the adequacy of the arrangements to manage the risk of fraud and corruption and report their findings to the overview & Scrutiny (Stewardship) Committee in the Annual Internal Audit Report.

## 4 Culture

- 4.1 The Council is committed to sound corporate governance and supports the Nolan Principles of Public Life covering Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- 4.2 The Council firmly endorses a culture of integrity and honesty throughout the Authority and takes a robust approach to any signs of fraud, corruption or financial malpractice. There is an expectation and requirement that all contractors, suppliers, individuals and organisations associated in whatever way with the Council will act with integrity and that Council employees and Members, at all levels, will lead by example. Senior management is expected to deal swiftly, firmly and fairly with those who defraud or seek to defraud the Council in any way.
- 4.3 Members and employees are expected to carry out their duties to the best of their ability for the benefit of the Council and not to take advantage of any situation for personal gain, for themselves, their family or friends.
- 4.4 Members and employees are expected to take the risk of both internal and external fraud seriously and to follow systems and procedures designed to prevent or detect fraudulent activity.
- 4.5 The Council's employees are vitally important in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Council's activity. They can do this in the knowledge that they are protected by the Whistleblowing Policy and that such concerns will be treated in confidence, properly investigated and dealt with fairly. The following alternative routes are open to them to raise such concerns. Council Members should also raise any concerns through any one of these routes: -
- Chief Executive/Management Team
  - Director of Finance/Section 151 Officer
  - Heads of Service
  - Audit Manager
  - Monitoring Officer
  - Unison Representative
  - The Council's External Auditors
  - The Report a Fraud facility on the Council's Intranet (BEN).
- 4.6 If employees or Members feel unable to talk to anyone within the Council, the Public Interest Disclosure Act 1998, encourages them to contact the Audit Commission which

has set up a special telephone line on 020 7630 1019. Alternatively Public Concern at Work, an independent charity that provides free advice to employees who wish to express concerns about fraud or other serious malpractice, can be contacted on 020 7404 6609.

- 4.7 Members of the public are encouraged to report concerns using the Council's Complaints Procedure or the 'Report a Fraud' facility on the Council's Website, or contacting an elected Member.
- 4.8 Heads of Service, Corporate Directors and the Chief Executive are responsible for ensuring that allegations of fraud or corruption are thoroughly investigated and will immediately inform the Audit Manager or Director of Finance of any suspected case.
- 4.9 The Audit Manager and the Internal Audit team will:
- Pursue an in-depth investigation into the allegation in accordance with the Council's Fraud Response Plan – see Appendix B.
  - Act in accordance with the Council's disciplinary procedures.
  - Deal promptly with the matter
  - Record all the evidence received
  - Ensure that the evidence is sound and adequately supported
  - Ensure the security of all evidence collected
- 4.10 There is, of course, a need to ensure that any investigation process is not misused. Any abuse such as raising unfounded or malicious allegations, by employees, will be dealt with in accordance with the Council's disciplinary procedures. Members who knowingly make false allegations in respect of fraud and corruption may bring the Council into disrepute and be subject to investigation and sanction by the Standards Board.

## 5 Deterrence

- 5.1 The best deterrent is a clear framework of procedures and responsibilities, which make fraud and corruption hard to perpetrate and will be likely to disclose fraud and corruption at the earliest opportunity.
- 5.2 The Council's framework includes clear guidance on the investigation of all allegations and the need to ensure that sufficient professional resources are available for detection.
- 5.3 It is the Council's policy to publicise all successful prosecutions for fraud and corruption.

## 6 Prevention

### Employees

- 6.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. In this regard, temporary and contract staff should be treated in the same manner as permanent staff.
- 6.2 Staff recruitment must therefore be carried out in accordance with the Council's procedures and in particular, references will always be sought regarding the honesty and integrity of all potential employees, and qualifications will always be verified by sight of original certificates before employment offers are confirmed
- 6.3 Council employees are expected to abide by any Code of Conduct issued by their

- Professional Institute or organisation and also the Council's Code of Conduct for All Employees.
- 6.4 The Council has a Disciplinary Procedure, which clearly sets out the action that will be taken against employees where fraud or corruption is suspected.
- 6.5 Appropriate policies and procedures are maintained to ensure that internal controls designed to prevent or detect fraud and corruption are built into the Council's systems and processes.
- 6.6 Employees must understand and act at all times in accordance with the Council's Standing Orders and Financial Regulations and their obligations under Section 117 of the Local Government Act 1972, (regarding pecuniary interests in contracts relating to the Council, or fees and rewards other than their proper remuneration). These requirements are set out in the Council's Code of Conduct for All Employees.
- 6.7 Employees are also required to disclose to their line manager any outside interests they or their relatives/family have which may result in a conflict of interest in respect of transactions and dealings with the Council, and these will be recorded in the appropriate registers.
- 6.8 All employees shall be made aware of and expected to adhere to any internal control system designed to prevent or detect fraud and corruption. All employees are required to bring any concerns they have on the adequacy of control measures to the attention of their line manager and the Audit Manager.
- 6.9 Any systems failures found as a result of a fraud investigation will be reported to the appropriate manager and action agreed to prevent recurrence.

### **Members**

- 6.10 Members are required to comply with: -
- The Council's Constitution
  - The Code of conduct for Members
  - Local Authorities (Members' Interests) Regulations 1992
  - Any future legislation or codes of conduct
  - The requirement to complete an annual Declaration of Related Party Transactions
- 6.11 Members are required to disclose to the Monitoring Officer details of any outside interests that they or their relatives/family have, which may result in a conflict of interest and should remove themselves from involvement in matters in which they have a prejudicial interest (except to the extent that may be permitted by the Code of Conduct).
- 6.12 Additionally, Members must register the receipt of gifts and hospitality, valued at £25 or more, in the Register of Gifts and Hospitality.

### **Systems**

- 6.13 The Director of Finance as the responsible finance officer has a statutory responsibility under Regulation 4 of the Accounts and Audit Regulations 1996 and Section 151 of the Local Government Act 1972 to ensure the proper arrangement of the Council's financial affairs. Procedure notes have been developed, which outline the system, procedures and responsibilities of employees in relation to the Council's financial activities. There is also a requirement to maintain an adequate and effective system of Internal Audit.
- 6.14 The Council has developed and will continue to operate and update systems and procedures, which incorporate efficient and effective internal controls. This includes

adequate separation of duties to ensure that error or impropriety is prevented. Heads of Service and Directors are required to ensure that such controls, including those relating to IT systems, are properly maintained and documented. The existence and appropriateness of the internal controls is independently monitored by the Internal Audit team and by the External Auditor.

### Working with Others

- 6.15 Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity. Those involved in such arrangements include: -
- Police
  - Suffolk Working Audit Partnership (SWAPs) Group
  - Audit Commission (NFI Exercise)
  - The External Auditor
  - Department of Works and Pensions
  - Other Government Inspectorates
  - The Chartered Institute of Public Finance & Accountancy, (CIPFA)
  - The Institute of Revenues Rating & Valuation, (IRRV)
  - HM Revenues & Customs
- 6.16 These arrangements provide a valuable means of combating potential fraud. On a national scale such collaboration has been successful in identifying and reducing the risk of external fraud, particularly in the area of Housing Benefits through computer data matching techniques.
- 6.17 With regard to the NFI exercise and data matching techniques generally, the Council has adopted the Audit Commission's Code of Data Matching Practice. All employees on the Council's Payroll have been advised of data matching exercises and of their rights under the Data Protection legislation. In addition data matching 'warnings' are included on such stationery as Benefit Claim forms etc.

## 7 Detection

- 7.1 The array of preventative systems, particularly internal control systems within the Council, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.
- 7.2 It is the responsibility of the Chief Executive, Directors, and Heads of Service to promote the prevention and detection of fraud and corruption. However, it is often the alertness of other employees and the public that enables detection and appropriate action when there is evidence that fraud or corruption may have been committed, or is in progress.
- 7.3 Despite the best efforts of managers and auditors, some frauds are discovered by chance or 'tip-off' and the Council has in place arrangements to enable such information to be dealt with properly.
- 7.4 Employees are required by the Council's Financial Regulations and by this Policy to report all suspected irregularities, to the contact points referred to in paragraph 4.5. Those officers must report to and seek the involvement of Audit and Fraud. Members are required to report all suspected irregularities to the Monitoring Officer. Reporting is essential to the Anti-Fraud and Corruption Strategy and: -
- Ensures the consistent treatment of information regarding fraud and corruption
  - Facilitates proper investigation, assisted by an independent and experienced Audit and Fraud team
  - Ensures the proper implementation of the fraud response plan

- Ensures the optimum protection of the Council's reputation and its assets
- Protects innocent employees

7.5 Members of the public are encouraged to report genuine concerns through the appropriate channels. The Council has a formal complaints procedure, which can deal with a wide range of issues including allegations of fraud and corruption. Alternatively, the complaint can be taken directly to the Independent Local Government Ombudsman if the complainant remains dissatisfied having followed the Council's Complaints Procedure. Where the allegation concerns a Member and a possible breach of the Code of Conduct, complaint may be made to the Standards Committee.

## 8 Investigation

8.1 Depending on the nature and anticipated extent of the allegations, the Audit and Fraud team will normally work closely with management and other agencies such as the Police to ensure that all allegations are properly investigated and reported upon.

8.2 The Council's Disciplinary Procedures will be used where the outcome of the investigation indicates improper behaviour by an employee. In such cases, Members may be subject to separate investigation and sanction by the Standards Committee or the Standards Board.

8.3 Where financial impropriety is discovered, the Council's presumption is that the Police will, in normal circumstances, be involved. The Crown Prosecution Service determines whether a criminal prosecution will be pursued. Referral to the Police is a matter for the Director of Finance, who has S151 responsibility, in conjunction with the Solicitor to the Council, who is the Monitoring Officer. Referral or non-referral to the Police will not preclude action under Disciplinary Procedures or civil action.

8.4 The External Auditor also has powers to independently investigate fraud and corruption and the Council may use his services for this purpose too.

8.5 The Council will devise specific strategies to combat fraud and corruption in certain areas from time to time e.g. Housing Benefits. In addition, it will participate in the Audit Commission's National Fraud Initiative in respect of Data Matching exercises and follow the Code of Practice on Data Protection and statutory requirements in doing so.

## 9 Sanctions and Redress

9.1 Wherever possible the following actions will be taken where investigation supports suspicions of fraudulent or corrupt activity:

- Appropriate disciplinary action will be taken in accordance with the Disciplinary Policy.
- Criminal proceedings will be brought if appropriate
- Civil proceedings will be brought to recover lost assets whenever appropriate.

9.2 Sanctions applied in relation to cases of Housing and Council Tax Benefit fraud will be applied in accordance with the Prosecution Policy. Options include formal cautions, administrative penalties and prosecution.

## 10 Whistleblowing Procedure

### Introduction

10.1 Employees are often aware when someone inside or connected to the Council is doing something improper or illegal. They may however, be reluctant to report the matter, because of feelings of loyalty to colleagues. They may also fear reprisals or disciplinary

action.

### Safeguards

- 10.2 It is recognised that the decision to report a concern can be a difficult one to make, not least because of fear of reprisal from those responsible for the malpractice. The Council will not tolerate the harassment or victimisation of anyone raising a genuine concern.
- 10.3 Concerns can be raised in confidence and the Council will do its utmost to protect the identity of employees that do not want their name to be disclosed. However, there may be circumstances (for example, if the report became the subject of a criminal investigation) where the employee may be needed as a witness. In such situations the matter will be discussed with the employee at the earliest opportunity.
- 10.4 No action will be taken against employees who make allegations in good faith but which are not confirmed by an investigation. Disciplinary action however may be taken in cases where malicious allegations are raised.

### How to Raise A Concern

- 10.5 It is not possible to give an exhaustive list of activities that constitute misconduct or malpractice but, broadly speaking the Council would expect the following to be reported:
- Criminal offences, such as theft, fraud and corruption
  - Failure to comply with legal obligations
  - Miscarriages of justice
  - Actions which may endanger the health or safety of Council employees, Members or the public
  - Actions that cause damage to the environment.
  - Inappropriate behaviour such as bullying or harassment.
  - Actions which are intended to conceal any of the above.
- 10.6 It will not always be clear if a particular issue falls within one of these categories. However, the Council encourages all legitimate concerns to be raised, even if the report is not subsequently confirmed by an investigation.
- 10.7 Employees and Members (or others working with or on behalf of the Council) suspecting that fraudulent or corrupt acts are taking place should:
- Make an immediate note of their concerns, including details of things said in telephone or other conversations, the date, time and names of any other parties involved.
  - Convey their suspicions to any of the persons listed at paragraph 4.5.
  - Deal with the matter promptly.
- 10.8 Employees, Members and others working with or on behalf of the Council should not:
- Do nothing.
  - Be afraid of raising their concerns - there will be no recriminations on anyone raising a legitimate concern. All matters raised will be dealt with sensitively and confidentially.
  - Approach or accuse individuals directly or try to investigate the matter. There are special rules for the gathering of evidence for criminal cases. The gathering of evidence by people unfamiliar with the rules could destroy the case.
  - Discuss their suspicions or concerns with any persons other than those listed at paragraph 4.5.

### Investigations

- 10.9 All reports of suspicions will be acknowledged within five working days. Preliminary enquiries will be made to decide whether a full investigation is required and depending on the nature of the misconduct the concerns will either be:
- Investigated internally by the Audit and Fraud Section in conjunction with management, the Human Resources or Legal Sections or
  - Referred to the appropriate external person for investigation.
- 10.10 Subject to any legal constraints, the employee or Member raising the concern will be informed of the outcome of the preliminary enquiries, full investigation and further action that has been taken.
- 10.11 If the employee or Member is not happy with the outcome of the investigation, a short report should be submitted setting out their concerns and further investigations would be carried out if there were good reasons to do so. Alternatively concerns can be raised with an external organisation.

### Independent Advice

- 10.12 Independent advice is available at any stage from UNISON representatives, the Audit Commission or the independent charity Public Concern at Work. Public Concern at Work promotes good practice, compliance with the law and accountability in the workplace. Its work has been endorsed by the Government, the Committee on Standards in Public Life, the TUC, the CBI and the Institute of Directors. Public Concern at Work provides a free help-line staffed by qualified lawyers.
- 10.13 Public Concern at Work will provide advice and reassurance if it is felt that the circumstances of the situation are so serious that a report should be made to an outside body, such as the police.
- 10.14 Public Concern at Work can be contacted at:  
Suite 306  
16 Baldwin Gardens  
London EC1N 7RJ  
Telephone 020 7404 6609  
Fax 020 7404 6576  
E-mail [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk)  
Website Address: [www.pcaw.co.uk](http://www.pcaw.co.uk)
- 10.15 The Audit Commission has set up a special telephone line for employees and Members who feel that they cannot raise their concerns with anyone within their authority. The telephone number is 020 7630 1019.

## 11 Training and Publicity

- 11.1 The Council recognises that the success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of training and awareness, and the responsiveness of employees and Members throughout the organisation.

- 11.2 To facilitate this, the Council is to provide Ethics training to all staff, which will cover the importance of this policy and provide practical examples of concerns that should be raised and how to go about raising them. In addition, the Council supports the provision of appropriate induction and refresher training for employees and Members, and in particular for those involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. In addition, Audit Commission and other leaflets relating to Whistleblowing and fraud will be distributed from time to time and placed on BEN (the Intranet) where appropriate.
- 11.3 Investigation of fraud and corruption centres on the Audit and Fraud team. Employees involved in this work plus other specialist areas, such as Housing and Council Tax Benefit must be fully trained and training plans will reflect this requirement.
- 11.4 Employees who fail to comply with this Policy and/or wilfully or negligently ignore such training and guidance will face disciplinary action.
- 11.5 The Council will undertake and support campaigns against fraud and corruption and issue appropriate publicity in this respect.
- 11.6 Members are encouraged to attend training on issues arising from this Policy, as appropriate.

## **12 Summary**

- 12.1 The Council has in place a clear framework and a network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in prevention and detection techniques regarding any fraudulent or corrupt activity that may affect its operation or related responsibilities.
- 12.2 To this end, the Council maintains a continuous overview of such arrangements, in particular, through the Director of Finance who has Section 151 responsibility, the Council's Financial Regulations, Financial Management and accounting instructions and audit arrangements.
- 12.3 This Policy Statement will be subject to regular review.

January 2002  
Revised May 2005  
Revised April 2006  
Revised October 2007  
Revised December 2008

## APPENDIX A

Overview of Anti-Fraud and Corruption Framework at Babergh**Strategy****Counter Fraud Strategy**

Annual fraud & corruption risk assessment  
 Programme of anti-fraud and corruption work

**Structures, Culture, Sanctions & Redress****Anti-Fraud & Corruption and Whistleblowing Policy**

Sets culture of honesty  
 Stipulates action that will be taken on allegations of impropriety  
 Gives overview of mechanisms to prevent and detect irregularity  
 Provides an overview of arrangements to investigate irregularities  
 Provides an overview of the approach to sanctions and redress

**Financial Regulations – Preventing Fraud & Corruption**

Details the Council's expectation of propriety and accountability  
 Key controls that are in place to prevent financial irregularities  
 Responsibilities

**Prosecution Policy**

Defines penalties and actions that can be taken  
 Gives overview of the approach to sanctions and redress

**Guides on Appropriate Behaviour**

Member Code of Conduct  
 Employee Code of Conduct – including guidance on registering interests, gifts and hospitality.

**Prevention**

Scheme of Delegation  
 Financial Regulations  
 Procurement and Contracts Procedure Rules  
 ICT Handbook and References  
 Recruitment & Selection Procedures

**Detection****Financial Regulations**

Specifies duty to report  
 Specifies duty to deal with those who defraud or attempt to defraud

**Whistleblowing Procedure**

Sets out the culture encouraging the raising of concerns through appropriate channels  
 Details the protection provided for Whistleblowers  
 Sets out how to raise a concern

**Complaints Procedure**

How complaints can be made  
 What to do if a complaint is received  
 How to proceed with a formal complaint  
 Appeal process

**Grievance Procedure**

Internal employment issues raised by the employee

**Investigation Procedure**

**Investigation Procedures**

Internal procedure manual setting out when and how to conduct an investigation

**Fraud Procedures and Instructions Manual (FPI)**

Manual maintained by the National Anti-Fraud Network (NAFN)

**Methods of Investigation**

**Babergh's Guidance on Authorisation under RIPA 2000**

Details surveillance covered by the Act

Safeguards

Authorisation Procedures & Authorising Officers

Records and record keeping

**Counter Fraud Manual**

Investigation Procedures

Fraud Procedures and Instructions Manual (FPI)

**Special Care Customers**

List of Special Care Customers (Customers who are considered to be a risk to staff & contractors)

## Fraud Response Plan

This statement sets out the procedures to be followed by Babergh District Council employees where a fraud is suspected or detected. It is part of Babergh District Councils overall counter fraud strategy. It applies to all Members and employees, including casual and temporary agency staff and contractors.

### Reporting a Suspected Fraud

Any suspicion of fraud will be treated seriously and will be reviewed and analysed in accordance with the Public Interest Disclosure Act and the Human Rights Act.

### Action by Employees

If you become aware of a suspected fraud or irregularity, write down your concerns immediately. Make a note of all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved. Report the matter immediately to those listed in section 4.5 of the Anti-Fraud and Corruption Policy.

When you report your concerns, arrange to handover your notes and any evidence you have gathered to the appropriate investigator.

Confidentiality for all parties will be maintained over reports made in good faith, which cannot be substantiated following investigation.

A member of staff may choose to report their concerns anonymously and such anonymity will be respected. It should be noted that, if the report suggests criminal activity, and the case is to be pursued by police, the identity of the person reporting the details would be needed at a later date if criminal proceedings were to be pursued effectively; identification is preferred and will assist the investigation.

You must not do any of the following:

- Contact the suspected perpetrator in a effort to determine facts or demand restitution
- Discuss the case facts, suspicions, or allegations with anyone outside of the Council
- Discuss the case with anyone within the Council other than the people listed above
- Attempt to personally conduct investigations or interviews or question anyone unless asked to do so by the Audit Manager or Director of Finance.

### Action by Managers

If you have reason to suspect fraud or corruption in your work area, you should do the following:

- Listen to the concerns of your staff and treat every report you receive seriously and sensitively
- Make sure that staff concerns are given a fair hearing. You should also reassure staff that they will not suffer because they have told you of their suspicions
- Get as much information as possible from the member of staff, including any notes and any evidence that they have that may support the allegation. Do not interfere with any evidence and make sure that it is kept in a safe place.
- Do not try to carry out an investigation yourself. This may damage any internal or criminal enquiry
- Report the matter immediately to the Audit Manager or the Director of Finance.

### Malicious allegations

If an allegation is made frivolously, in bad faith, maliciously or for personal gain, disciplinary action may be taken against the person making the allegation.

### Investigation procedure

The Audit and Fraud Team is responsible for initiating and overseeing all fraud investigations and for the completion of subsequent follow-up. Audit and Fraud will ensure that all

investigations conform to the same standard and in accordance with legislation and the Council's prosecution policy.

Investigation results will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct, and to protect the Council from potential civil liability.

In cases where an individual is suspected of fraud, which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity will be informed that the investigation has revealed no wrongdoing.

Any necessary investigative activity will be conducted without regard to any person's relationship to the Council, position or length of service.

### **Conduct of investigation**

Where an investigation is carried out it will be carried out with discretion and sensitivity. Those carrying out the investigation will confine themselves to investigating those matters, which are the subject of, or are relevant to, the suspected fraud.

Once the investigation has been completed, a written report will be prepared which states the facts discovered by the investigation. The report will avoid speculation and no statement shall be made that cannot be supported by the facts.

### **Learn from past experience**

Where a fraud has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. The investigation may highlight where there has been a failure of supervision or a breakdown / absence of control. Internal Audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.

### **Disciplinary procedure**

As for other cases of misconduct, matters of alleged fraud will be dealt with under the procedure laid down in the Council's Disciplinary Procedure.

### **Recovery of loss**

Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from individual(s) responsible for fraud.

As a first step the individual concerned will be asked to make good the loss.

It may be appropriate to consider recovering the loss from any monies due to the individual on termination if the perpetrator is an employee. The advice of the Solicitor to the Council should be sought before attempting to make recovery.

Where an employee is a member of the Council's Pension Scheme, and is guilty of fraud, the Council may be able to recover the loss from the capital value of the individual's accrued benefits in the Scheme, which are then reduced as advised by the actuary. If such action may be appropriate, the Pension Trustees should be contacted in the first instance. The Trustees have discretion over whether or not a recovery is made.

If the individual will not make good the loss consideration should be given to taking civil action to recover the loss, subject to legal advice received.