

GOVERNANCE & BUSINESS RESILIENCE

Fraud Response Procedure

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North Kesteven
DISTRICT COUNCIL

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Introduction

The Council has a zero tolerance to all forms of fraud, corruption, bribery and theft and will apply the toughest sanctions where these are proven.

The Fraud Response Procedures support the Council Counter Fraud, Corruption and Bribery Strategy and Whistleblowing Policy and aim to ensure effective and thorough investigation into allegations of fraud.

Scope

The Fraud Response Procedure applies to all reports and allegations of fraud, corruption, bribery and whistleblowing incidents.

The procedures apply to all allegations made in relation to any employee, elected member, contractor, partner or a user of Council services.

Definitions

- **Fraud** is a crime and involves deception which is deliberate and intended to provide a direct or indirect personal gain. For example: false expenses, exaggerated pay claims, altering accounting records, bogus invoices, forged cheques, fixing tender results, contract irregularities.
- **Corruption** is the deliberate misuse of your position for direct or indirect personal gain. For example: offering, giving, requesting or accepting a bribe or reward that influences your actions or someone else's.
- **Theft** is where someone takes cash or other property belonging to someone else with no intention of returning it.

What to do if you suspect fraud

- Do not delay, report your concerns immediately.
- Do not approach or accuse individuals – record your suspicions and keep any evidence in a safe place until it is needed.
- Do not discuss the matter with anyone other than the person you are reporting it to and do not attempt to conduct an investigation yourself.

How to report fraud

Fraud can be reported to any senior member of the Council in person, email, and phone or in writing.

Fraud can be reported via the Council's Whistleblowing Service:

Telephone: **0800 0853716**

E-mail: **whistleblowing@lincolnshire.gov.uk**

By Post: **Lincolnshire Local Authorities,
PO Box 640 Lincoln
LN1 1WF**

In addition, the Public Interest Disclosure (Prescribed Persons) Order 2014 recognises certain appointed bodies for the purpose of disclosures. These include a local MP or any of those detailed in the Order.

Investigation

All suspected fraud, regardless of how it is reported, should be referred to the Director of Resources and the Section 151 Officer. If the fraud or concern is made in relation to the conduct of the Director of Resources the matter will be referred to the Chief Executive.

The Director of Resources (or Chief Executive) will determine the most appropriate action to be taken.

Safeguards and Confidentiality

- **Harassment, bullying, or victimisation** – if you have raised your concerns in good faith we will take action to prevent you from reprisal.
- **Confidentiality** – if you feel it is necessary we will try to protect your identity – this will not be possible if the investigation leads to criminal action.
- **Anonymous referrals** – we do not encourage these as it affects the ability to investigate, but we will always look into any case of suspected fraud.
- **Malicious referrals** – if we find that your referral is malicious or has been made for personal gain, we will take action against you under the Council's Counselling and Disciplinary Policy, or relevant agreement if you work for one of our partners.

Purpose of Investigation

The purpose of any investigation will be to:

- Establish and document the relevant facts.
- Make a finding of fact based on the available evidence.
- Provide recommendations to the Council.

Principles of Procedural Fairness

The principles of procedural fairness are designed to ensure that decision making is fair and reasonable and avoids bias. Before any determination is made, a person who is the subject of a report will be:

- Told the substance of the allegation.
- Told the substance of any adverse comment arising out of an investigation that may be included in a report.

- Given an opportunity to answer any allegation and respond to any negative findings.

The presumption of innocence will be maintained throughout the investigation unless the allegations are proved to be substantiated.

Key Considerations

The following should be considered prior to the commencement of any investigation:

- If there is any doubt about the Council's ability or authority to gather information appropriate legal advice should be sought.
- There must be appropriate confidentiality to ensure the integrity of the investigation to minimise the impact of the investigation. Prudent handling of materials and information minimises the risk of evidence being contaminated, possible reprisals against any disclosure, prejudice against the subject or prejudgement of the outcomes.
- Evidence gathering during an investigation must be protected so that it will stand up as evidence in a court of law.

Investigation Process

When advised of an allegation of fraud, the Director of Resources may instruct an appropriate member of the Senior Management Team or an independent person to conduct an investigation to determine:

- The viability of the allegation
- The scope of the investigation
- The identification of all connected or involved with the allegation
- The extent of the loss and impact of the allegation

The investigation process will seek evidence to support the allegation and may include interviewing witnesses and associated parties.

The investigating officer will present the findings of the investigation to the Director of Resources who will determine the most appropriate outcome.

Potential outcomes

- **Criminal Prosecution** – The Director of Resources, after seeking legal advice, may authorise the referral to the police for investigation.
- **Disciplinary Action** – At the end of the investigation an outcome report will be produced. If this involves an employee and fraud is proven, the likely outcome will be dismissal. If fraud is not proven there may still be matters which need to be considered under the Council's Counselling and Disciplinary Policy.
- **Recovery through Civil or Criminal Proceedings** – The Council will seek to recover all losses subject to legal advice and where it is cost effective to do so. The Council will seek to recover any loss caused by an employee through salary, pension or insurance.

- **Weaknesses in the System Controls** – The Council will produce an Action Plan to address any system or management weaknesses to reduce the risk of fraud and error in the future.