

RUTLAND COUNTY COUNCIL

CORPORATE COUNTER FRAUD STRATEGY

September 2012

Draft August 2012

A strategy for dealing with theft, fraud and corruption

1. INTRODUCTION

The Council has a duty to protect the public money that it controls from loss due to dishonesty. It also has a duty to provide assurance to the people of Rutland; to its employees; and to other stakeholders that it is taking this responsibility seriously.

The adoption of a formal strategy provides an opportunity to communicate to everyone involved with the Council, our absolute determination to deal with dishonesty, whether involving Members, employees, contractors or customers. It sets out the steps that the Council is taking to maintain and improve its defences against dishonesty, as well as targets against which we can measure our performance. It also shows how the Council is making use of the support available from its providers of internal audit services – the Welland Internal Audit Consortium – to assure the effectiveness of its arrangements.

The adoption of a strategy also demonstrates that the Council is committed to openness, honesty and integrity in all its dealings.

2. ELEMENTS OF THE STRATEGY

The Strategy is made up of the following elements:

- prevention;
- detection;
- investigation;
- retribution and restitution; and
- use of deterrents.

Running through the various elements is a clear theme of individual responsibility. Councillors and employees must be responsible for their own conduct: each of them has a part to play in maintaining the high standards set by the Council. This document has been drafted to show how we are addressing each element of the Strategy and to highlight and set targets for the completion of those things that are still to be done.

Any strategy must be subjected to regular testing to ensure that it is delivering the required outcomes. The Council's arrangements for dealing with the risks of theft, fraud and corruption are evaluated annually by our external auditors. In addition, the Strategy contains improvement targets against which progress can be assessed on a regular basis: progress reports will be contained in each year's Annual Report of Internal Audit produced by the Head of Consortium. Those improvement targets are brought together in the Action Plan that forms Appendix 1 to this document.

2.1 PREVENTION. The Council will take all reasonable and appropriate steps to make theft, fraud or corruption difficult. This will be done through:

Investment in appropriate technology

The Council has installed modern IT systems to support the delivery of key financial systems. Those systems provide for effective internal controls to ensure the accuracy and legitimacy of financial transactions. The various systems have been implemented in a way that supports the proper separation of duties; ensures compliance with prescribed processes; and provides a reliable audit trail that identifies the employee responsible for initiating – and the manager responsible for authorising – any particular transaction.

Clear rules and instructions that identify the responsibility of individuals

Procedural Rules, and in particular Financial/Contract Procedural Rules provide the basis for the effective management of the Council's affairs and the foundations upon which effective systems of control can be developed. It is therefore critical that they be subject to regular and rigorous scrutiny to ensure that their effectiveness is not eroded by changes in legislation, structures, policy or other causes. FPRs and CPRs were reviewed and revised in March 2011 and the Strategic Director for Resources is responsible for ensuring that they remain current, reflecting fully and appropriately the Council's management structure and relevant policies.

Action Point 1: Maintaining Current Procedural Rules

The Strategic Director for Resources will confirm, as part of the Annual Governance Statement, that **either** Financial or Contractual Procedural Rules have been reviewed during the reporting year and are fully fit for purpose **or** that necessary amendments are being drafted.

By drafting Instructions prescribing the way in which systems – and particularly financial systems - are to be operated, the Council's management both reduces the likelihood of error in transactions and makes it more likely that attempts to get round system controls will be noticed and challenged. It is the responsibility of the relevant Heads of Service to ensure that Instructions are drafted which set out the way that users of the Council's financial systems must input and authorise transactions; that those Instructions are made available to all relevant employees; and that the Instructions remain current. The Strategic Director for Resources shall determine whether Instructions are necessary to ensure the proper operation of any other systems and, if so, shall instruct the relevant Head of Service accordingly.

Action Point 2: Drafting Procedural Instructions

The Strategic Director for Resources will confirm, as part of the Annual Governance Statement that **either** current Procedural Instructions are in place for all systems that require them **or** that work is in hand to ensure the timely publication of any outstanding Instructions

Good employee selection procedures

The Council seeks to employ honest and competent employees to reduce the likelihood of loss whether from mistakes or misconduct. Good employee selection procedures, consistently applied, reduce the Council's risk and for that reason they are a requirement of our insurers.

A Recruitment & Selection Policy has been adopted by the Council and corporate recruitment procedures have been developed in support of that Policy. The operation of some of these procedures has been devolved to service managers and it is important to ensure ongoing and effective compliance with approved policies and procedures.

Action Point 3: Monitoring Recruitment Procedures

The Head of Business Support – People will put in place arrangements to monitor compliance with the Council's recruitment procedures and to subject the procedures themselves to periodic review to ensure that they remain effective and comply fully with statutory and other requirements As part of the Annual Governance Statement, she will **either** confirm that procedures are fit for purpose and are complied with **or** that appropriate remedial action is in hand.

Codes of Conduct for Members and Employees

The Council has adopted Codes of Conduct for Members and Employees to underline its commitment to the highest standards of probity.

The Code of Conduct for Members was adopted in June 2012 pursuant to a requirement in the Localism Act 2011 and forms part of the Constitution. The Constitution also contains a Code of Conduct for Employees. The Council has also adopted a Protocol for Members dealing with Planning Matters and a Monitoring Officer Protocol.

Members and employees are required by their Codes of Conduct to register certain interests and gifts and hospitality offered/accepted. A Register of Members' Interests, which includes gifts and hospitality received, and a Register of Gifts and Hospitality for use by employees are maintained by the Monitoring Officer. Employees are required to notify their line managers of any personal interests that might impact on the proper discharge of their duties. Members are also required to declare any disclosable interests which they may have in matters under consideration at meetings and these declarations are recorded in the minutes. The Monitoring Officer has specific responsibilities to monitor the use being made of the Registers and take action as necessary to ensure that Members are fully aware of their responsibilities for full and prompt disclosures. Regulations made under the Localism Act 2011 define certain interests as disclosable pecuniary interests, which are included in the Code of Conduct, and the Act creates criminal offences in respect of failure to register such interests and participating in Council business which relates to such interests.

Action Point 4: Monitoring the Registers

The Monitoring Officer will monitor the use made by Members and employees of the available Registers and take appropriate action to promote compliance with the requirement for full and timely disclosure. As part of the Annual Governance Statement, he will **either** confirm that Members and employees are making appropriate use of the Registers and that no material failures of disclosure have been identified **or** summarise instances of non-compliance and outline steps taken to reduce the likelihood of recurrence, subject to any legal requirements arising from the referral of any allegations of criminal behaviour to the Police.

The Conduct Committee has the responsibility for promoting and maintaining high standards of conduct within the Council and for promoting compliance with the Code of Conduct.

Training and support

The risk of loss or damage to the Council's reputation due to mistake or dishonesty is reduced if all employees are both trained in the technical requirements of their jobs and clearly instructed as to the standards of honesty that the Council requires of its Members, employees, contractors and customers.

The Council's corporate induction processes provide the opportunity to ensure that all new employees receive a clear and consistent message about standards of acceptable behaviour.

Action Point 5: Using the Induction Process to Communicate Standards of Acceptable Behaviour.

The Head of Business Support – People will ensure that the corporate induction process provides clear and consistent guidance to each new employee on the standards of behaviour they are required to maintain. That guidance will include:

- What the Code of Conduct requires of employees;
- The operation of the Whistleblowing Policy; and
- The requirements of the Counter-Fraud Strategy

The Council has accepted that the Nolan Principles of Public Life define acceptable standards of behaviour (see Appendix 2). Indeed, the Localism Act 2011 requires that every authority's code of conduct for Members be based on those Principles. The Council will ensure that employees receive regular briefings which will make clear to them that those standards must be followed. Briefings will also remind employees of their duties – as set out in the Code of Conduct – and of the Council's Whistleblowing arrangements.

Action Point 6: Delivering Regular Employee Briefings

The Head of Consortium will deliver an annual briefing to all employees to reinforce the message about standards – and to publicise arrangements to deal with the risks of fraud or corruption. The annual briefing will cover:

- The Code of Conduct
- The Nolan Principles
- The Counter-Fraud Strategy; and
- Whistleblowing Arrangements

The Briefing will be followed and reinforced by a One Council newsletter article

The Council will take action to ensure that all employees understand and accept the standards of behaviour expected of them. The HR service undertakes periodic employee surveys and will include in future surveys questions designed to confirm that briefings have been delivered; that employees understood the messages from their managers; and that they accept the Council's view on what constitutes appropriate behaviour.

Action Point 7: Confirming Employees' Acceptance of the Council's Standards

The Head of Business Support – People will ensure that all employee surveys include questions designed to demonstrate that employees understand the standards of behaviour required of them and accept that those standards are reasonable and appropriate. The results of such surveys will be used to evidence the Annual Governance Statement.

The Council's Personal Development Review Scheme is designed to ensure that all employees have the skills necessary to do their jobs properly. In particular the Scheme supports the Council's normal induction arrangements to ensure that any employee who is required to operate the Council's financial systems has been trained up to an appropriate level of competence.

2.2 DETECTION. The Council's processes and procedures will be designed to make mistakes or deliberate misconduct easy to detect. Procedures will be drafted so that employees are clear about their responsibilities to be alert to possible error or misconduct.

Internal Control

The Council's key financial processes have been designed to incorporate internal checks and prescribed processes define which employee should undertake a particular task and set out exactly how the task should be completed. Internal checks mean that the work of one employee serves as a check on the accuracy and legitimacy of the work of his/her fellow. If employees know how each process should be carried out, non-standard behaviour should be easily detected. Financial and management controls are subject to regular review by internal audit and any weaknesses or scope for improvement are reported to the relevant managers.

Action Point 8: Maintaining effective internal controls

The Head of Consortium will deliver an Annual Audit Plan giving assurance that the Council's internal control framework is appropriate to manage the risks of error, fraud or corruption to which it is exposed. Audit reports issued to service managers and the Section 151 Officer will include recommendations as to necessary improvements in the internal control framework.

Whistleblowing Arrangements

The Council has made it clear, through the adoption of a Whistleblowing Policy that each employee has an individual responsibility to report any concerns about acts of impropriety - including any and all types of dishonest behaviour. The Whistleblowing Policy is subject to regular review and was last updated in 2011.

The Council recognises that there are special problems to be addressed in respect of Benefits Fraud. It has therefore set in place arrangements consistent with the best practice guidance provided by the Government, the Local Government Association and other agencies: this has involved the establishment of a Fraud Hotline which is promoted through a range of channels, including the annual Council Tax booklet. Those arrangements enable and encourage members of the public to raise concerns about possible benefit fraud.

The Council also recognises that members of the public may have or obtain information that raises legitimate concerns about other aspects of the Council's activities. For that reason the Whistleblowing Policy was amended in 2011 to provide any concerned member of the public with a clear and convenient way of having such concerns raised. It remains to ensure that there is an appropriate level of public awareness of the Policy.

Action Point 9: Publicising Whistleblowing Arrangements

The Strategic Communication Advisor will coordinate action to create an appropriate level of public awareness of the Whistleblowing Policy.

2.3 INVESTIGATION. Any evidence of misconduct will be investigated thoroughly. In the event that evidence suggesting criminal misconduct is found, the Council will notify the police and will give vigorous support for any criminal investigation.

The Council has established two agencies with the capacity to investigate cases of suspected fraud or financial misconduct. The Corby and Rutland Anti-Fraud Team (CRAFT) is tasked with carrying out both reactive and proactive investigations of suspected benefit fraud. The Welland Internal Audit Consortium is the agency usually charged with the investigation of any other category of suspected fraud or financial misconduct. All other misconduct (i.e. not involving fraud or financial matters) will be dealt with in accordance with the Council's Disciplinary Procedure.

CRAFT has developed and maintains appropriate and effective arrangements with the Department of Work and Pensions' Investigators and the local police. While the incidence of criminal misconduct not related to benefit fraud is low the Consortium needs to establish clear lines of communication with the local police to allow for a timely and appropriate response to any reported criminality.

Action Point 10: Maintaining Lines of Communications with Local Police

The Head of Consortium will identify an appropriate first point of contact within Leicestershire Constabulary to whom any cases of suspected criminal misconduct will be reported and with whom the Consortium will liaise in investigating such cases.

2.4 RETRIBUTION & RESTITUTION. In the event that misconduct is proved, the Council will take appropriate disciplinary and/or legal action. Where a prosecution results, the Council will seek restitution.

The Council's Local Terms and Conditions specify the action that is appropriate for different categories of misconduct by employees. The Council is consistent in its application of its disciplinary arrangements. Any case of misconduct amounting to a criminal offence is reported to the police and in such cases the Council would press for a prosecution as a matter of public policy. In the event that a successful prosecution results, the Council would, where appropriate, seek to recover any losses from the Superannuation Scheme – in line with the Scheme's Regulations. The production and approval of a Corporate Prosecution Policy, based upon the existing policy that applies to the prosecution of benefit fraud, will provide for consistency in the consideration of potential non-benefit prosecutions.

Action Point 11: Production of a Corporate Prosecution Policy

The Head of Business Support – Resources will commission the production of a Corporate Prosecution Policy

Good practice requires each local authority to adopt a formal "Fraud Response Plan" making clear the responsibility of specific post holders in the event of a reported fraud. The Council's Fraud Response Plan forms Appendix 3 to the Strategy.

Where evidence is found of criminal behaviour by contractors, clients or customers, it is Council policy that the evidence is passed to the police without delay and that the Council will support and co-operate with any subsequent police investigation in line with the Corporate Prosecution Policy. In the event that this process leads to a successful prosecution, the Council would seek full restitution.

2.5 DETERRENCE. The Council will publicise the fact that its arrangements make it likely that dishonest behaviour will be detected quickly and that it will take stern but appropriate legal and/or disciplinary action to punish offenders and to recover from them any losses that they have caused.

The Council attempts, with some success, to have all successful prosecutions for benefit fraud reported by the local press. The Strategic Communication Advisor assists in attempts to place stories with the local media to ensure that local people are aware of the Council's successes in investigating fraud.

Action Point 12: Pursuit of Publicity

The Strategic Communication Advisor will continue to pursue opportunities to:

- publicise the Council's commitment to act against dishonesty;
- highlight successes in prosecuting fraudsters; and
- promote the Council's whistleblowing arrangements

Application forms for benefits, grants and other services contain warnings, expressed in "Plain English" of the action that will be taken against people making false or incomplete statements.

The Council has adopted standard contract forms to ensure that all contractors are aware of the legal penalties to which they might be subject should they use corrupt practices in tendering for or carrying out contract work on behalf of the Council. It is not clear that the Bribery Act 2010 requires any fundamental changes to the Council's anti-corruption arrangements but this will be kept under review.

2.6 THE AUDIT PROCESS. The Council's arrangements for dealing with theft, fraud and corruption will be subject to review as part of the annual programme of section 151 work.

The Council's audit planning framework provides for the annual review of the controls within the key financial systems designed to address the risks of fraud or corruption. The framework also provides for the stratification of the Annual Audit Plan so that elements of the Council's corporate counter-fraud framework are subject to annual review. The assessment of the level of risk associated with different elements of the counter-fraud framework is the responsibility of the Strategic Director for Resources as Section 151 Officer: the Head of Consortium will provide the objective evidence to support that assessment.

Action Point 13: Providing assurance that fraud and corruption risks are being managed.

As part of the annual audit planning process the Head of Consortium will provide the Strategic Director for Resources with sufficient evidence to support an assessment of the risks associated with different elements of the counter-fraud framework. The Director's assessment will be reported to the Audit & Risk Committee as part of the process of obtaining Member endorsement of the Annual Audit Plan.

3. CONCLUSIONS

It is important to the Council's role of community leadership that it demonstrates the highest standards of behaviour in its conduct of public business and in the use of public money. The adoption of a strategy to deal with the risks of theft, fraud and corruption is part of an ongoing process of living up to those standards. Of equal importance will be the way in which the Council monitors its performance against the strategy and searches continuously for ways in which it can improve standards.

Action Point 14: Annual Reporting on the Strategy's Effectiveness

The Head of Consortium will report annually to the Audit & Risk Committee on the effectiveness of the Strategy; the completion of Action Points for the enhancement of the Strategy; the impact of such improvement activities; and on any opportunity for further improvements identified in the course of internal audit activity or by other means. As part of the Annual Governance Statement, the Head of Consortium will provide an assessment of the impact of the Strategy in the reporting year.

CORPORATE COUNTER FRAUD STRATEGY – ACTION PLAN TO 30TH SEPTEMBER 2013

Action Point	Action Required	Method of Delivery	Monitoring Arrangements	Responsibility	Target Date
1	Maintaining Current Procedural Rules	Annual review of Financial and Contractual Procedural Rules informed by findings of planned internal audits.	Confirmation of completed review to be provided in Annual Governance Statement.	Strategic Director Resources	30th June 2013
2	Drafting Procedural Instructions	Annual review of Procedural Instructions published and any challenges to their adequacy in internal audit reports.	Confirmation of completed review to be provided in Annual Governance Statement.	Strategic Director Resources	30th June 2013
3	Monitoring Recruitment Procedures	Monitoring 10% of completed recruitment exercises to inform an annual check that prescribed procedures comply with legislation and acknowledged good practice.	Confirmation of completed review to be provided in Annual Governance Statement.	Head of Business Support People	30th June 2013

Action Point	Action Required	Method of Delivery	Monitoring Arrangements	Responsibility	Target Date
4	Monitoring the Registers	Review of each of the Registers by the Monitoring Officer on a monthly basis	<p>Analysis of the use made of the Registers by Members and Officers together with any identified cases of non-compliance to be included in Annual Governance Statement</p> <p>Regular monitoring to be evidenced by endorsements to the Registers</p>	Monitoring Officer	31st March 2013

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Action Point	Action Required	Method of Delivery	Monitoring Arrangements	Responsibility	Target Date
5	Using the Induction Process to Communicate Standards of Acceptable Behaviour.	Review of existing arrangements by Head of Business Support – People.	Outcome of review to be recorded in the Annual Report of Internal Audit.	Head of Business Support People	30th April 2013
6	Delivering Regular Employee Briefings	An annual presentation will be delivered by the Head of Consortium as part of an All Staff Briefing. This will be reinforced by an article in One Council Newsletter	A summary of action taken to promote employee awareness will be appended to the Annual Report of Internal Audit.	Head of Consortium	30th June 2013
7	Confirming Employees' Acceptance of the Council's Standards	Use of employee surveys	The results of such surveys will be used to evidence the Annual Governance Statement.	Head of Business Support People	31 st March 2013
8	Maintaining effective internal controls	Addressed through the production of the Annual Audit Plan using standard risk-based planning tools	Audit & Risk Committee will satisfy itself that the Annual Plan provides for adequate assurance about the Council's key internal controls.	Head of Consortium	31st March 2013
9	Publicising Whistleblowing Arrangements	The Strategic Communication Advisor will identify and coordinate the delivery of appropriate publicity of whistleblowing arrangements.	A summary of action taken to promote public awareness will be appended to the Annual Report of Internal Audit.	Strategic Communication Advisor	31st March 2013

Action Point	Action Required	Method of Delivery	Monitoring Arrangements	Responsibility	Target Date
10	Maintaining Lines of Communications with Local Police	Head of Consortium to negotiate with Leicestershire Constabulary to gain agreement that the Inspector in charge of the Local Policing Unit for Rutland should be first point of contact.	Outcome of negotiations to be reported in Annual Report of Internal Audit	Head of Audit Consortium	30th June 2013
11	Production of a Corporate Prosecution Policy	New Policy to be commissioned by the Head of Business Support - Resources	Policy will be taken to Cabinet for approval. The adoption of the Policy will be acknowledged in the subsequent assessment of the Strategy.	Head of Business Support Resources	30 th September 2013

12	Pursuit of Publicity	Responsive activity undertaken and recorded by the Strategic Communication Advisor	The Head of Consortium will include data on the publicity obtained in the annual assessment of the Strategy.	Strategic Communication Advisor	TBC
13	Providing assurance that fraud and corruption risks are being managed	Head of Consortium will, as part of the process of developing the Annual Audit Plan, provide the Strategic Director for Resources with an evidenced assessment of the Council's exposure to risks of fraud or corruption in different aspects of its activities.	The Strategic Director for Resources will, in the covering report to Audit & Risk Committee, provide a formal endorsement of the provision made in the Annual Audit Plan for specific counter-fraud work.	Head of Consortium	31st March 2013
14	Annual Reporting on the Strategy's Effectiveness	Annual Report of Internal Audit will provide Members with confirmation that agreed Action Points have been delivered. The Report will also contain a formal assessment of the Strategy's impact and effectiveness	Annual Report of Internal Audit is a mandatory report identified in the Audit & Risk Committee's annual work programme.	Head of Consortium	30th June 2013

CORPORATE COUNTER FRAUD STRATEGY

Seven Principles of Public Life as Formulated by the Nolan Committee (The Committee on Standards in Public Life)

1. Selflessness

Holders of public office should take decisions solely in terms of public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

2. Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

3. Objectivity

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

4. Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

5. Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

6. Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

7. Leadership

Holders of public office should promote and support these principles by leadership and example.

ANTI-FRAUD & CORRUPTION RESPONSE PLAN

1. INTRODUCTION

The Anti-Fraud and Corruption Response Plan has been developed to provide assurance of a consistent, thorough and effectively managed response to any allegations of fraud or corruption affecting the Council.

2. REPORTING FRAUD OR CORRUPTION

Employees and Members are required to report – to their line manager or a Nominated Individual – if they have concerns about possible fraud or corrupt behaviour affecting the Council.

For purposes of reporting concerns about possible fraud or corrupt behaviour, the Nominated Individuals are:

- The Chief Executive
- The Strategic Director for Resources (as Section 151 Officer)
- The Head of Business Support – Resources (as Deputy Section 151 Officer)
- The Head of the Welland Internal Audit Consortium

Line Managers or Nominated Individuals will consider any expression of concern and determine whether:

- (i) It is sufficiently well founded to merit a formal investigation; or
- (ii) No further action is required.

If (i) refer to the Strategic Director for Resources

If (ii) explain to the reporter the reason for the decision and retain a written note of the concern and the determination made. [Standard record form is available on shared area].

3. MANAGING INVESTIGATIONS

The Strategic Director for Resources as the Council's Section 151 Officer is responsible for overseeing investigations of suspected fraud or corruption. To discharge that responsibility the Strategic Director for Resources shall:

- Ensure that the Chief Executive is informed without delay of any allegations involving Members or members of Leadership Team
- Ensure that the Chief Executive is informed of allegations against other employees, suppliers or contractors where available evidence indicates that the allegation may be well founded;
- Consult with the Chief Executive and Monitoring Officer on the need to inform police, external audit or other parties – at the time of the initial referral or at any time during the investigation;
- Consult with the Monitoring Officer on the need to address the Regulation of Investigatory Powers Act (RIPA).
- Appoint and provide Terms of Reference to an Investigating Officer;
- Ensure that the Investigating Officer has access to the resources required to conduct the investigation in line with the Terms of Reference;
- Ensure that the subject of any investigation receives timely and appropriate notification; and
- Advise the Head of the Welland Internal Audit Consortium of any investigation initiated.

The Investigating Officer shall be a senior officer of the Council or an appropriately qualified member of the Welland Internal Audit Consortium. The Investigating Officer shall:

- carry out the investigation in line with the Terms of Reference issued by the Strategic Director for Resources;
- ensure that the investigation complies with the Council's Disciplinary Procedure;
- maintain a Diary of Events recording the progress of the investigation and any matters arising;
- keep the Strategic Director for Resources advised of the progress of the investigation;
- keep the Strategic Director for Resources advised of the resources committed to the investigation;
- ensure that the Strategic Director for Resources is informed without delay if new evidence indicates a need to inform the police or other parties; having gathered sufficient evidence for the purpose;
- gather sufficient evidence to support a conclusion as to whether or not the concern under investigation is well founded;

- issue a report recommending one or more of the following:
 - criminal proceedings be instituted by the Council;
 - evidence gathered be forwarded to the police;
 - internal disciplinary action;
 - no action be taken against individuals
- recommend, if appropriate, a review of aspects of the internal control framework.

The Investigating Officer shall, at a minimum, provide the Strategic Director for Resources with weekly updates on the progress of the investigation.

The Investigating Officer shall be provided by the Council's HR and Legal Services with such advice and guidance as may be required to ensure that there are no breaches of HR policies, employment law or other relevant legal requirements and to assist with the assessment of any potential criminal proceedings.

The Chief Executive shall determine the content and timing of any statements made to representatives of the press, TV, radio or to another third party about an instance of suspected fraud or corruption. No other employee shall make such a statement without the Chief Executive's express authority.

4. EVIDENCE GATHERING

The Investigating Officer shall be responsible for gathering, recording and for the secure custody of the evidence required for the investigation. The following guidance shall be followed in the evidence gathering process to ensure that the Council can demonstrate that it takes a consistent approach to all investigations.

Physical Evidence

Physical evidence might include: written quotations, tenders and contracts; written correspondence; cheques, paying-in slips or other vouchers; items of Council property; CCTV footage and photographs.

Evidence is to be collected and secured without delay. The Investigating Officer shall record the date, time and location at which each item of evidence is secured and the individual securing the evidence. If evidence consists of several items, for example many documents, each one shall be tagged with a reference number corresponding to the written record. The Investigating Officer shall ensure that all evidence is held securely and record any individuals other than the Investigating Officer who are subsequently allowed access.

Where the Investigating Officer considers that the current condition of land, real property or other assets is relevant to an investigation, sufficient photographs shall be taken to evidence conditions at a time and date that the Investigating Officer shall certify. The Investigating Officer shall record the individual who takes any photographs commissioned and each photograph taken shall be annotated to show location; date and time taken; and the facts that it evidences (e.g. length of grass on an area of public open space; state of disrepair of a Council property; condition under which assets are stored).

Where photographs evidence the behaviour of the subject of the investigation (or other relevant parties) the Investigating Officer shall ensure and certify that they were obtained in a manner consistent with RIPA requirements.

Evidence Held in Electronic Format

If it is suspected that relevant information is held on a subject's PC or laptop, the Investigating Officer shall:

- ensure that **no attempt is made to access such information** as this will change the data accessed and compromise its value as evidence;
- liaise with the IT Team Manager to ensure that
 - the PC/laptop is isolated and placed in a secure container for transport to an appropriate forensic consultant;
 - the subject's access permission to be suspended to prevent any alteration of data held on shared areas; and
 - copies are secured of any relevant data held on shared areas.

If it is suspected that there is relevant information on the subject's business e-mail account, the Investigating Officer shall liaise with the IT Team Manager to suspend the subject's e-mail account and arrange for a copy to be secured of the subject's e-mail transactions.

If it is considered that mobile phones or data recording media that have been issued to the subject by the Council for business purposes might hold relevant information, the Investigating Officer shall take custody of them. The Investigating Officer shall again ensure that **no attempt is made to access such information** and arrange for the secure transport of those items to an appropriate forensic consultant.

The Investigating Officer shall consult with the HR Service and the IT Team Manager if it is suspected that other employees may hold relevant information in electronic format.

The Investigating Officer shall consult with the Chief Executive and Monitoring Officer if it is suspected that relevant information may be held by a Member in electronic format.

Witnesses

The Investigating Officer shall seek to identify all potential witnesses to any matters under investigation. To do so:

- direct questions may be put to the individual raising the matter;
- processes may be analysed to determine individuals involved in relevant transaction flows (e.g. processing and certification of creditor invoices);
- office layouts may be analysed to identify individuals who might have witnessed events or overheard conversations;
- the subject of the investigation should (when interviewed) be given the opportunity to identify supporting witnesses.

The Investigating Officer should carry out preliminary enquiries to determine which – if any - potential witnesses can provide evidence useful to the investigation. It should be made clear to any reluctant witness that an employee's contractual obligations include a requirement to co-operate with any investigation of misconduct - except where there is a risk of self-incrimination.

Where the Investigating Officer determines that a witness can provide significant, relevant information a written statement shall be taken. Other than in exceptional circumstances, the Investigating Officer shall agree with the witness a time and date for the interview that allows:

- the Investigating Officer to plan the interview and identify the key themes to be pursued and the facts to be established;
- the Investigating Officer to ensure that someone is available to make a contemporaneous record of the interview; and
- the witness to refer to diaries or other prompts to memory.

Unless time pressures preclude doing so, the Investigating Officer shall provide the witness with a copy of the notes made of the interview and invite the witness to sign and return that copy if they are satisfied that the notes represent an accurate record of the interview.

Interview with Subject

Unless the evidence gathered from other sources makes it clear that the concerns under investigation are unfounded, the Investigating Officer shall interview the subject of the investigation. The purpose of any first interview shall be for information gathering purposes and the following general conditions should be met:

- The Investigating Officer shall prepare a written schedule of questions based upon an analysis of
 - the original concern referred to the Strategic Director for Resources;
 - the Terms of Reference issued;
 - evidence obtained; and
 - witness statementsto identify the information required from the subject.
- The HR Service shall be advised of the intention to interview and given the opportunity to comment on the proposed schedule of questions and any employment law or issues of Council policy that need to be addressed
- The Investigating Officer shall ensure that a second officer attends the interview for the purpose of maintaining a contemporaneous record of the questions posed and the subject's responses and any other statements
- The Investigating Officer shall at the start of the interview tell the subject:
 - what is being investigated
 - the role of the Investigating Officer
 - the issues about which information/clarification are to be sought
 - that the subject is not being interviewed under caution and that statements made during the interview would not be admissible for a criminal prosecution; but
 - that the recorded statement may be used as evidence in a disciplinary hearing.

5. DISCIPLINARY ARRANGEMENTS

The outcome of an investigation may be one of the following:

- Evidence of criminal activity leading to a referral to the Police and subsequent prosecution(s): in such circumstances the Strategic Director for Resources shall consult with the HR Service to determine whether it is appropriate to undertake disciplinary action in parallel with criminal proceedings

- Evidence of criminal activity leading to a referral to the Police and a subsequent decision not to proceed with a prosecution: in such circumstances the Strategic Director for Resources shall consult with the Head of Legal Services to determine whether the Council should mount a private prosecution. If the decision is taken to prosecute, the Strategic Director for Resources shall again consult with the HR Service to determine whether it is appropriate to undertake disciplinary action in parallel with criminal proceedings
- Evidence provides assurance that there has been no criminal behaviour but indicates possible misconduct on the part of one or more employees: in such circumstances the Strategic Director for Resources shall consult with the HR Service to determine whether it is appropriate for the Investigating Officer to be involved in the disciplinary process
- Evidence provides assurance that there has been no criminal behaviour but indicates possible misconduct on the part of one or more Members: in such circumstances the Strategic Director for Resources shall consult with the Chief Executive and Monitoring Officer to determine what action is appropriate
- Evidence provides assurance that there has been no criminal behaviour or misconduct: in such circumstances the Strategic Director for Resources shall notify the Head of the Welland Internal Audit Consortium, who will close the entry in the Fraud Log. The Strategic Director will also ensure that the subject of the investigation receives prompt notification of this outcome.

If the decision is taken that an employee may have a disciplinary case to answer, the investigative process to be followed must comply with the Council's Disciplinary Procedure

6. RECOVERY PROCESS

The Strategic Director for Resources shall be responsible for commissioning and managing actions taken to limit losses suffered by the Council as a result of discovered fraud or corruption; to facilitate the recovery of such losses; and to mitigate risks arising from identified control deficiencies. The Strategic Director for Resources shall:

- consider on receiving a referral whether the potential materiality of losses is such as to require immediate action to stop losses. The Strategic Director for Resources shall keep the issue of action to stop loss under continuous review in light of progress reports from the Investigating Officer.

- consider on receiving a referral whether weaknesses in controls or supervision identified require immediate action to mitigate ongoing risks. The Strategic Director for Resources shall keep the issue of action to remedy control deficiencies under continuous review in light of progress reports from the Investigating Officer.

If investigations establish that the Council has suffered financial losses as a result of dishonesty, recovery options are, broadly speaking:

- to claim against the relevant insurance policy;
- to take civil action against the individual(s) responsible;
- to make a claim on an employee's accumulated superannuation benefits; or
- to agree recovery terms with the individual(s) responsible.

The Strategic Director for Resources shall ensure that the Council's Insurance Officer is made aware of potential losses and that any necessary notifications are made to the Council's insurers. The Strategic Director for Resources shall liaise with the Insurance Officer to ensure that the Council does not, by action or omission, invalidate its insurance cover. The Strategic Director for Resources shall liaise with the Insurance Officer to ensure that properly quantified claims can be made without delay and that the Council claims to the full extent of its insurance coverage.

The Strategic Director for Resources shall consult the Head of Legal Services to determine the civil recovery action most likely to remedy losses suffered by the Council.

- in the event that the individual(s) responsible make an offer of restitution issues to be considered would include: whether the amounts offered address fully the Council's losses and costs; and the impact of such an offer on criminal proceedings or proceedings by third parties.
- in the event that the individual(s) responsible are members of the Local Government Superannuation Scheme, the Scheme's Regulations provide for the forfeiture of pension rights after conviction.

7. REVIEW PROCESS

The Strategic Director for Resources, as Section 151 Officer, has a responsibility for the maintenance of the Council's internal control framework. At the conclusion of any investigation of suspected fraud or corruption, the Strategic Director for Resources shall ensure that a review is undertaken to identify:

- whether there are fundamental weaknesses in the control framework that made that incident of fraud or corruption possible;
- whether there were any failures on the part of management to operate designated controls that allowed the fraud or instance of corruption possible; and
- whether there are any practical opportunities to address those control issues.

The Strategic Director for Resources will normally commission the Welland Internal Audit Consortium to undertake such reviews and the results of any review will be reported to Audit & Risk Committee as part of the Annual Report of Internal Audit.

8. REPORTING AND ACCOUNTABILITY

The Head of Welland Internal Audit Consortium shall maintain a Fraud Log, recording all expressions of concern received by the Strategic Director for Resources and detailing the response to, and outcome of, each response. The Annual Report of Internal Audit shall contain a summary of those referrals; the responses; and the outcomes. The Annual Report shall also summarise the results of the reviews commissioned by the Strategic Director for Resources. The Audit & Risk Committee shall determine whether any of the issues raised by these sections of the Annual Report should be reported to Council.

9. DATE OF REVIEW

The Plan is scheduled for review by 31st March 2016.