

# ANTI-FRAUD AND CORRUPTION STRATEGY

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## **A. GENERAL PROVISIONS**

### **1. CORPORATE GOVERNANCE**

1.1 The Council has, and is continuing to develop a strong approach to 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:

- Standards Committee
- Overview & Scrutiny Committees / Procedure Rules
- Regulatory Committees
- Standing Orders
- Financial Procedure Rules
- Access to Information Procedure Rules
- Budget & Policy Framework Procedure Rules
- Executive 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 in place the following policies and procedures:

- Risk Management Policy Strategy and Procedures
- Disciplinary Procedure
- Monitoring Officer Arrangements
- Registers of Interests
- Registers of Hospitality, Gifts & Entertainment
- IT Security Policy
- Best Value Framework
- Business Planning Procedures
- Health and Safety Policy and Procedures
- Members Code of Good Practice in Planning
- Housing Benefit and Council Tax Benefit Sanction & Prosecution Policy

### **2. CONTENTS OF THE STRATEGY**

2.1 Inevitably breaches of the law, policy or formal procedure do occur. This Strategy has therefore been produced to articulate 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 sets out the Council's specific policies 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 or the general public (benefit fraud).
- 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, Head of Human Resources, Service Managers and external agencies including the Police. In particular, the Strategy seeks to direct and co-ordinate investigations under the direction of:
- Head of Finance (in accordance with Financial Procedure Rules)
  - Head of Human Resources (under the Council's Disciplinary Procedure)
  - Head of Legal and Democratic Services as Monitoring Officer (in accordance with the Local Government Act 2000).

### 3. OTHER CORPORATE PROCEDURES

- 3.1 The Strategy supplements the Council's Financial Procedure Rules and Disciplinary Procedure, each of which already provide a degree of advice on the conduct of investigations
- 3.2 **Financial Procedure Rules.** Section 3.34 states that "Heads of Service should notify the finance director immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting, the chief officer should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.3 **Disciplinary Procedure.** Whenever an alleged irregularity occurs, this Strategy should always be read in conjunction with the Council's Disciplinary Procedure.

Irregularities that do not involve fraud, a breach of Financial Procedure Rules including misuse of Council equipment and facilities or do not have a direct financial basis will not be investigated by Internal Audit (for example breaches of the Council's policies on leave and sickness absence). These will normally be pursued directly by the respective line manager under the Disciplinary Procedure.

### External Audit

#### Why is this important?

- 3.4 The Local Government Finance Act 1982 set up the Audit Commission, which is responsible for appointing external auditors to each local authority in England and Wales. The external auditor has rights of access to all documents and information necessary for audit purposes.

- 3.5 The basic duties of the external auditor are defined in the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in March 2000 sets out the auditor's objectives to review and report upon:
- (a) the financial aspects of the audited body's corporate governance arrangements
  - (b) the audited body's financial statements
  - (c) aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the BVPP.
- 3.6 The authority's accounts are scrutinized by external auditors, who must be satisfied that the statement of accounts "presents fairly" the financial position of the authority and its income and expenditure for the year in question and complies with the legal requirements.

Where an irregularity does involve fraud or has a financial basis an Internal Audit investigation will normally be undertaken. The Internal Audit investigation and report is used as the basis of (or in support of) the management / disciplinary case, which remains the responsibility of the line manager under the arrangements laid down in the Disciplinary Procedure.

In some cases the Head of Finance and Head of Human Resources may confer as to how the investigation should proceed, and determine whether Internal Audit or line management should lead the process..

#### 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 be undertaken in accordance with RIPA. RIPA was introduced in parallel with the Human Rights Act, which (inter alia) sought to ensure rights to privacy and a fair trial. RIPA makes lawful certain actions by public authorities (Schedule 1) provided that they are properly authorised. In particular, RIPA requires that in each case authority must be given by prescribed persons using designated forms. The use of directed surveillance is not restricted to Internal Audit investigations but extends to benefit fraud investigations, noise nuisance, planning and other areas. The Council has approved specific policies in relation to RIPA which must be complied with in all circumstances.
- 4.3 **Local Government Act 2000 (Part III).** Under this Act, any allegation made against members of the Council should be referred to the Monitoring Officer for investigation and referral to the Standards Committee and Standards Board for England. This in turn may lead to investigation by an external Ethical Standards Officer. Any such allegations that are brought to the attention of the Head of Finance or Head of Human Resources should be referred directly to the Monitoring Officer.

## **B. FRAUD PREVENTION & DETECTION STRATEGY**

### **1. THE ROLE OF MEMBERS**

- 1.1 As elected representatives, all Members of the Council have a duty to the citizens of Rossendale to protect the assets of the Council from all forms of abuse. This is done through the formal adoption of the Anti-Fraud & Corruption Strategy and by compliance with the national Code of Conduct for Members.
- 1.2 In addition members have a duty to provide sufficient resources to ensure an adequate and effective internal audit of the accounting records and control systems (in accordance with the Accounts and Audit Regulations 2003).

### **2. THE ROLE OF MANAGEMENT**

- 2.1 Management at all levels are responsible for ensuring that their staff are aware of the authority's Financial Procedure Rules and Standing Orders and that the requirements of each are being met. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible, and are required to certify annually that appropriate controls are in place as part of the process for producing the Statement on Internal Control..
- 2.2 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, Heads of Service 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. The Head of Finance and Internal Audit can provide advice and assistance in this area.
- 2.3 Special arrangements may apply where employees are responsible for cash handling or are in charge of systems that generate payments (for example payroll or the housing benefit computer system). Heads of Service and their managers should ensure that adequate and appropriate training is provided for staff and that checks are carried out from time to time to ensure that proper procedures are being followed. A policy of pre-employment checks has been agreed in relation to appropriate posts.
- 2.4 The references and qualifications of all proposed new employees should be thoroughly checked in line with the relevant Human Resources procedures prior to a position being offered.

### **3. THE ROLE OF EMPLOYEES**

- 3.1 Employees are responsible for ensuring that they follow the instructions given to them by management, including items contained in job descriptions and personnel policies, 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 Financial Procedure Rules , Standing Orders and the Code of Conduct.

#### **4. INTERNAL AUDIT**

4.1 The Internal Audit Service plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud. The Section can investigate cases of suspected financial irregularity and carries out nationally sponsored fraud searching exercises to establish whether irregularities have occurred and where necessary recommends changes in procedures to prevent further losses to the authority. The Internal Audit Service provides advice and assistance to all Directors and Heads of Service as part of ongoing Internal Audit Plan.

4.2 The responsibility for the detection of financial irregularities rests with management. Internal Audit will advise and assist management in fulfilling their responsibility for preventing irregularities and will investigate 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.

#### **5. BENEFIT ENQUIRY TEAM**

5.1 The Benefit Enquiry Team play a major role in the deterrence of benefit fraud.

5.2 A further objective is the detection of fraud, by investigating allegations of Housing Benefit and Council Tax Benefit fraud. Both pro-active (specific fraud searching exercises such as HBMS Data Matching) and re-active investigations (upon receipt of a referral) are carried out.

#### **6. EXTERNAL AUDIT**

6.1 Independent external audit is an essential safeguard in 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. 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 has a responsibility to review the Council's arrangements in respect of preventing and detecting fraud and irregularities and arrangements designed to limit the opportunity for corrupt practices.

#### **7. DETERRENCE**

7.1 Fraud and corruption are serious offences against the authority and employees may face disciplinary action and/or prosecution. This may be deemed as gross misconduct and lead to dismissal. Benefit claimants may be subject to a sanction or prosecution, if there is sufficient evidence that they have been involved in these activities. This is designed to deter others from committing offences against the authority. Where a case is referred to the Police for criminal proceedings and is subsequently brought to court, any resultant publicity will also act as a deterrent to potential fraudsters.



## **8. NATIONAL FRAUD INITIATIVE (NFI)**

8.1 The National Fraud Initiative (NFI) exercise is organised by the Audit Commission and is usually carried out every 2 years. The Council actively takes part in the initiative as it forms part of a continuous attempt to identify fraud, particularly fraudulent benefit claims. NFI is about matching information contained within the Council's computer systems against information contained within other organisations' systems, for example, payroll, student awards and pensions, the main aims being to identify fraudulent benefit claims, and to detect cases of sub-letting or dual tenancies.

8.2 At Rossendale, NFI is co-ordinated by the Internal Audit Service, whose key tasks are:

- ensuring that data is submitted to the Audit Commission 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.

## **9. HOUSING BENEFIT MATCHING SERVICE (HBMS)**

9.1 This data matching exercise is organised by Department for Work and Pensions (DWP) and is carried out every quarter. The Council actively takes part in the initiative as it forms part of a continuous attempt to identify benefit fraud. HBMS involves matching information contained within the Council's Benefits system against data of other DWP benefits.

## **10. NATIONAL ANTI-FRAUD NETWORK (NAFN)**

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

10.2 NAFN is organised into 5 regional areas, Rossendale belonging to the Northern Region. The Council's key contacts for the NAFN are the Benefits Enquiry Unit, due the nature of the investigations they undertake.

## **11. BENEFITS FRAUD HOTLINE**

11.1 In order to maximise the number of benefit fraud referrals the Council operates a freephone fraud hotline. The hotline is not manned, it is purely an answering service that gives the general public a chance to report potential fraudsters anonymously or otherwise.

The National Benefit Fraud Hotline number is 0800 326 6340

Fraud reports can be made locally on 01706 244618, or,  
to an answerphone on 01706 244619



## **C. REPORTING ALLEGATIONS / WHISTLE-BLOWING**

### **1. NORMAL REPORTING LINES**

- 1.1 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 (e.g. DWP);
  - Whistle-blowing by members of staff;
  - Normal benefit assessment process;
  - Specific fraud searching exercises by both the Internal Audit Section and Benefit Enquiry Unit;
  - Benefit fraud hotline.
- 1.2 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 Heads of Service.
- 1.3 If the suspected irregularity is in respect of financial transactions or in any matter affecting property, cash, stores, remuneration or allowances or misuse of Council facilities or equipment Heads of Service should report the matter to the Head of Finance (in accordance with the Council's Financial Procedure Rules). The Head of Finance will in turn liaise with the Head of HR and inform the Chief Executive.
- 1.4 If the suspected irregularity is in respect of benefit fraud by a member of the public the matter should be reported to the Benefits Enquiry Unit. If it relates to an Officer it should be reported to the Head of Finance, but if it involves a Member the matter should be passed to the Head of Legal and Democratic Services.
- 1.5 In other instances Heads of Service should consult the Head of Human Resources as to whether the Disciplinary Procedure should be invoked.
- 1.6 Heads of Service are responsible for managing the discipline of employees in their respective service units. The Council's disciplinary procedure is set out in detail in the relevant document available on the intranet.
- 1.7 In cases of alleged financial irregularities, the Investigating Officer will be advised by the Internal Audit Service. This may involve Internal Audit undertaking much of the investigation work and providing the Investigating Officer with a formal report.

**2. ALLEGATIONS AGAINST SENIOR OFFICERS & MEMBERS**

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

(a) A line manager, the Head of Service should be notified directly.

(b) A Service Head or Director, the Chief Executive should be notified directly.

(c) The Chief Executive, the incident should be reported in the first instance to the Head of Finance, who should inform the Leader of the Council.

(d) An elected member, the incident should be reported to the Monitoring Officer (the Head of Legal and Democratic Services) who should in turn inform the Chief Executive and Leader of the Council. The Monitoring Officer should then inform the Chair of the Standards Committee and the Standards Board for England, if the allegation is made in writing.

(e) The Leader of the Council, the Monitoring Officer should inform the Chair of the Standards Committee directly.

2.2 The officers designated as per the disciplinary procedure shall perform the functions of Disciplinary Officer and Investigating Officer in the cases of alleged irregularities involving line managers, Heads of Service or Directors.

2.3 In respect of alleged irregularities involving the Chief Executive or the Head of Legal and Democratic Services or the Head of Finance, the allegation shall be considered by an independent person and then by a panel of Members in accordance with their statutory terms and conditions of employment.

2.4 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 the Standards Board for England and in any regulations made under the Local Government Act 2000.

**3. EXTERNAL REPORTING**

3.1 If employees do not have the confidence to raise matters internally, they may choose to contact the Council's External Auditors or the Police. Their respective addresses and telephone numbers are:

**District Auditor  
Aspinal Close  
Middlebrook  
Bolton  
BL6 6QQ**

**Lancashire Constabulary  
Lord Street  
Rawtenstall  
Rossendale  
BB4 7LY**

**Tel:- 01204 877043**

**Tel:- 01706 215242**

3.2 In addition, the Audit Commission has set up a special hotline on **0207 630 1019**, which allows individuals to report suspicions of wrongdoing if they do not feel confident about making a report locally.

## **D. ANTI-FRAUD AND CORRUPTION** **INTERNAL INVESTIGATIONS PROCEDURE**

### **1. THE PROCEDURE IN OUTLINE**

1.1 This 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 housing and council tax benefits, health & safety, planning, environmental services, housing, car parking and corporate complaints. The procedure is designed to support and supplement the separate arrangements that already exist in these areas.

### **2. INVESTIGATION - OFFICERS**

2.1 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.

2.2 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 which involves the use of deception to obtain an unjust or illegal financial advantage may be classed as a fraud.

2.3 Irregularities fall within the following broad categories, the first three of which are criminal offences: -

- **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. Theft like offences can also include misuse of Council property and equipment (eg: offences under the Computer Misuse Act).
- **Bribery and corruption** – involves the offering and acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement. 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.
- Failure to observe, or breaches of **external regulations**.

- Failure to observe, or breaches of the **Constitution of the Council** including Standing Orders and Financial Procedure Rules.
- Failure to observe, or breaches of **financial procedures**.
- Failure to follow legitimate **financial instructions and rules**.

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

- Tendering & Award of Contracts;
- Appointing External Consultants;
- The External, Pecuniary Interests of Members / Officers;
- Hospitality;
- Awarding Licences / Planning Consent / Land Valuations, etc;
- Purchasing.

2.5 Section C of this Strategy document contains guidance as to who should normally undertake investigations in each of the above circumstances. The following paragraphs explain the procedures to be followed in Internal Audit investigations, however the principles apply equally to other investigations, including those under the direction of the Head of Human Resources/ Disciplinary Procedure.

2.6 Where allegations are reported to the Head of Finance, he / she will (in conjunction with the Internal Audit Service) undertake an initial assessment of the circumstances and will recommend whether to:

- (a) Take no further action;
- (b) Refer the matter to the Service Head;
- (c) Consult with the Head of Human Resources
- (d) Consult with the Police immediately;
- (e) Initiate a preliminary Internal Audit investigation;
- (f) Other (e.g. some combination of the above).

2.7 A designated proforma is completed to record the above and passed to the Chief Executive for approval prior to being returned “private & confidential” to the Head of Finance.

2.8 Where the Head of Finance (in consultation with the Chief Executive) deems that an Internal Audit investigation is necessary, a preliminary investigation should initially be conducted. The appropriate Head of Service would be informed.

2.9 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.

2.10 If the preliminary investigation highlights matters of a minor nature, Heads of Service may be asked to investigate them with ongoing advice and assistance from Internal Audit as necessary. In these instances, Internal Audit should be kept advised as to progress.

- 2.11 If the preliminary investigation highlights matters that Internal Audit consider should not be dealt with by the Head of Service, Internal Audit will carry out the full investigation with management support as necessary. The Head of Human Resources would be consulted regarding potential disciplinary proceedings.
- 2.12 If the preliminary investigation results in a reasonable suspicion that a criminal offence has taken place, the Police should normally be informed. Whether the Police are contacted at the point it is believed that a criminal offence may have taken place or when the internal investigations are concluded first is a matter for the Head of Finance, in consultation with the Chief Executive to decide.
- 2.13 Where an irregularity is reported to the Police at this point and the suspected perpetrator(s) are known, he/she/they will normally be suspended from duty in order to facilitate the forthcoming investigation. It will be for the Head of Finance and Chief Executive to decide (in conjunction with the Head of Human Resources) whether to:
- Also invoke the Disciplinary Procedure at this stage, including a separate internal investigation, or;
  - Postpone the start of the Disciplinary Procedure pending the outcome of the Police investigation.
- 2.14 The key issue is to determine whether the finalisation of the Police investigation is essential to progress being made with an internal disciplinary or whether the initial evidence is such that there are firm grounds for invoking the Disciplinary Procedure and Police investigation simultaneously. 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 proven “beyond reasonable doubt”.
- 2.15 If it is decided to invoke the Disciplinary Procedure and initiate an internal investigation, 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. However, this is not a licence for a wholly unrestricted investigation. An initial examination of potential evidence that will indicate the scope of wrongdoing should be undertaken as quickly as possible. Following this the Investigating Officer should agree a written scope for the investigation with the Head of Human Resources and/or Head of Finance as appropriate to the nature of the investigation.
- 2.16 With regard to alleged financial irregularities, investigated by Internal Audit, additional information would normally be extracted from the following systems / records:
- (a) Personnel/Payroll- Name, Address, Date Commenced Employment, Current Post, Previous Post, Previous Employers, Annual Leave, Rota/Shift Details, Vehicle, Bank Details, Car Mileage Claims, Additional Allowances, Qualifications, Courses Attended, Sickness Absence Summary, Marital Status, Emergency Contacts.
- (b) Council Tax- List of Occupants, Forwarding Address, Statement of Account.
- (c) Register of Electors- List of Occupants.

(d) Car Mileage Claim Forms- If the employee submits car claim forms, these are obtained from Payroll Section and checked to ensure they are correctly completed.

(e) Flexitime Sheets- These would be obtained from the Unit and jointly reviewed with managers in order to identify inconsistencies.

(f) Telephone Calls- This could be used to establish whether an employee was in contact with an individual/organisation and therefore corroborate or disprove statements made by the employee.

(g) Any computerised records where the data protection registration permits the use of the personal data for the prevention and detection of fraud.

### **3. INVESTIGATION – MEMBERS**

3.1 The procedure shall be that specified for the time being by the Standards Board for England and in any regulations made under the Local Government Act 2000.

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

4.1 When any investigation work is performed a file should be opened 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, papers, workings or other forms of documentary evidence which may later form the basis of any report that is deemed necessary.

4.2 All files or other evidence relating to the investigation should be removed to a secure place and in such a way as to ensure confidentiality. On occasions, it may be appropriate to remove documents, etc. in a way that does not raise the suspicions of the person under investigation if the alleged perpetrator is to be allowed to continue working. In any event, documentary evidence should be collected as soon as possible, since the onset of an investigation may result in its destruction.

4.3 Great care must be taken to record detailed, complete and accurate information of the matters reported and results of the investigation. Wherever possible, the original (or prime) documents should be obtained as evidence in preference to copies.

4.4 Where evidence may be contained on an individual personal computer, or the investigation relates to the potential misuse of such equipment then the equipment should be removed to secure storage under the control of the Council's ICT Manager. Access to such equipment for the retrieval of evidence will only be given to appropriately qualified individuals on the authorisation of the Head of Finance.

4.5 Information held on a computer system may be used as evidence in any subsequent disciplinary or criminal proceedings and should be extracted in printout form, including as part of the printed data, the date and time of its production. In order to comply with Section 69 of the Police & Criminal Evidence Act 1984 a computer printout should be endorsed by a person who was, at the time of its production, responsible for the operation of the computer installation from which it was generated. Such persons should sign and date the following statement:



"I certify that, in respect of this document (Ref No), there are no reasonable grounds for believing that the information is inaccurate because of improper use of the computer by which it was generated, and, that at all material times the computer was operating properly, or if not, that any respect in which it was out of operation was not such as to affect the production of the document or the accuracy of its contents"

4.6 Full security of irregularity records (both manual and computerised) must be maintained at all times.

4.7 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.

## 5. SURVEILLANCE

5.1 Any investigations that involve directed surveillance sources must be undertaken in accordance with the Regulation of Investigatory Powers Act 2000. The use of directed surveillance is not restricted to Internal Audit investigations but extends to benefit fraud, noise nuisance, planning and other areas. 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 grounds specified in the Act.
- Where urgent authorisation is requested, it may be given orally by the authorised officer. A written record of the urgent authorisation must be made.
- Authorised officers have overall responsibility for the management of the investigation and are personally liable for the authorisations that they give.
- 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.

5.2 The Council has agreed separate policies for the operation of RIPA which must be complied with. The Head of Legal and Democratic Services can provide advice if required. However, where in doubt authorization under RIPA should be sought.

## **6. INVESTIGATORY INTERVIEWS – OFFICERS**

6.1 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 Procedure, such investigatory interviews are normally conducted by the unit's nominated "Investigating Officer", but he / she may be assisted by a member of the Internal Audit Section if Internal Audit are involved in the investigation.

6.2 Wherever possible, these are arranged with prior notice unless it is felt this could result in the destruction or distortion of evidence. However Internal Audit reserves the right to carry out interviews without notice during the course of an investigation. This is outside the terms of the Disciplinary Procedure.

6.3 The employee may also be accompanied at the investigatory interview but where the interview is urgent and of necessity at short notice a lack of accompaniment does not provide sufficient reason for the interviewee not providing the necessary explanations. Every effort should be made to ensure that it is possible for an employee to be accompanied at such an interview.

6.4 Questions should normally be written down in advance or a checklist of the required information prepared.

6.5 The time and place of interview should be carefully considered to avoid interruptions.

6.6 The people present should be as few as possible. Under normal circumstances this would be:

- The interviewee
- His / her representative
- Investigating Officer
- Human Resources representative
- Internal Audit representative (where appropriate)

6.7 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.

- 6.8 A record of the questions asked and detailed notes of the responses received must be made. Recording equipment may also be used. Care should be taken in framing the questions and no action that could be construed as duress by the interviewee must take place.
- 6.9 If the alleged irregularity is of a criminal nature and there is the possibility of criminal charges being laid against an individual, in order for evidence to be admissible in court interviews must be conducted and statements taken in accordance with the procedures laid down in the Police and Criminal Evidence Act (PACE). Whilst investigatory interviews are conducted in a formal manner, they are not intended to satisfy PACE requirements. Therefore should the decision be made to refer the matter to the Police (either before or after the commencement of the internal investigation) the employee under suspicion would be re-interviewed under caution and formal statements taken by them. Formal statements would also be taken from other relevant witnesses, including the Investigation Officer and Internal Audit.
- 6.10 Interviewees should be provided with two copies of the interview transcript, which they should be asked to sign and date (including any suggested amendments) and return one copy to the HR department. Where the interview is tape recorded then the interviewee should be provided with a copy of the tape in line with the PACE standards.
- 7. INVESTIGATORY INTERVIEWS – MEMBERS**
- 7.1 These will be carried out in accordance with regulations (if any) made under Section 66 of the Local Government Act 2000. If no such regulations are in force, the matter will be dealt with in accordance with any provisions specified by the Standards Board for England.
- 8. INVESTIGATORY INTERVIEWS – BENEFIT CLAIMANTS**
- 8.1 If a fraud allegation is substantiated and is potentially a prosecution case the interviews will be carried out formally under caution in accordance with PACE.
- 8.2 If a claimant is also in receipt of other benefits the DWP's Benefit Fraud Investigation Service will be contacted to invite them to be involved in the investigatory interview.
- 9. SUSPENSION**
- 9.1 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 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.
- 9.2 The Disciplinary Procedure contains guidance on the circumstances and terms under which suspension is appropriate and the process that must be followed.
- 9.3 A key concern for the Investigating 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 Investigating should recommend suspension to the Head of Services concerned (in consultation with the Head of Human Resources).

9.4 Where the suspension requires an employee to remain away from work, the Investigating Officer should (with possible assistance from Human Resources staff:

- 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).
- Require the employee to hand over any keys, identity cards or passes.
- Escort the employee from the premises.

## 10. INVESTIGATION REPORTING - OFFICERS

10.1 At the end of the investigation, the Investigating 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, they will produce a written Management Statement of Case in conjunction with Human Resources.

10.2 If any or all of the investigation is undertaken by the Internal Audit Services, an interim Internal Audit Report will be produced. This will assist with (but does not constitute) the Management Statement of Case.

10.3 The interim Internal Audit Report will contain:

- (a) Full details of the investigation process followed;
- (b) A summary of the evidence obtained;
- (c) The potential nature of the offences (if any) committed;
- (d) Recommendations as to Police referral, invoking the Disciplinary Procedure, or both.

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

10.5 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 sheet. However although protection is guaranteed to witnesses, they cannot (other than in exceptional circumstances) be guaranteed anonymity as they may be required to give oral evidence at a future hearing, appeal, tribunal or in court.

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

## 11. INVESTIGATION REPORTING - MEMBERS

11.1 These will be carried out in accordance with regulations (if any) made under Section 66 of the Local Government Act 2000. If no such regulations are in force, the matter will be dealt with in accordance with any provisions specified by the Standards Board for England.

## 12. INVESTIGATION REPORTING – BENEFIT CLAIMANTS

12.1 At the conclusion of the investigation a report will be produced, this will be passed to the Benefits Team Leader for the calculation of the overpayment and claim of subsidy, and to the Service Assurance Team Manager to review the case.

**13. HEARINGS & APPEALS – OFFICERS**

13.1 The Council's detailed rules on disciplinary hearings and appeals are contained in the Disciplinary Procedure.

13.2 Where the investigation is into matters of a potentially criminal nature, the Police would normally 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 Investigatory Officer should inform the Head of Finance / Head of Human Resources once it becomes clear that a criminal offence has been committed. They would in turn review the issue of Police referral.

13.3 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 the insurance claim form.

**14. HEARINGS & APPEALS – MEMBERS**

14.1 These will be carried out in accordance with regulations (if any) made under Section 66 of the Local Government Act 2000. If no such regulations are in force, the matter will be dealt with in accordance with any provisions specified by the Standards Board for England.

**15. HEARINGS & APPEALS – BENEFIT CLAIMANTS**

15.1 These will be undertaken in accordance with the Housing / Council Tax Benefit Sanction & Prosecution Policy.

**16. LOSS RECOVERY**

16.1 Where actual losses have occurred 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.

16.2 The Council's policy for recovering uninsured losses from the perpetrators of fraud is to do so in all cases where, having considered all the available evidence the Head of Legal and Democratic Services takes the view that recovery action through the Courts is likely to succeed and also where the Chief Executive considers that such recovery action should be taken.