

## HARLOW COUNCIL ANTI-FRAUD AND CORRUPTION STRATEGY

**Responsible Officer: S151 Officer (Deputy Chief Executive and Head of Finance and Property Services)**

**Date: August 2020**

**Next review date: August 2021**

### 1. Purpose of the strategy

Theft, fraud, corruption and bribery are criminal offences. Harlow Council is committed to the highest standards of integrity, and will not tolerate them in any form. The Council's principle is zero tolerance towards offences and offenders.

The purpose of this Anti-Fraud and Corruption Strategy is to support the Council's **2020-21** Corporate Plan by protecting the public purse as every pound lost through fraud cannot be spent on services. In particular, this Strategy:

- Sets out the aims and long term vision of the Council's Anti-Fraud and Corruption framework
- Outlines the Council's approach to Anti-Fraud and Corruption
- Outlines the expected outcomes along with how the Council intends to achieve and monitor these

### 2. Key Objectives

The key objectives of the Council's Anti-Fraud and Corruption framework are to:

- protect the Council's resources and assets, ensuring they are used as intended;
- maintain a culture where fraud or corruption is not tolerated; and
- ensure staff and Members demonstrate the highest standards of honesty and integrity at all times.

This Strategy also supports the national Fighting Fraud and Corruption Locally Strategy **2020** which advocates turning strategy into action by councils considering their counter fraud response and performance against each of the six 'C' themes:

- **Culture** – creating a culture in which ~~beating fraud and corruption is part of daily business~~ **where fraud and corruption are unacceptable and that is measurable**
- **Capability** - ~~ensuring a~~ **assessing the full range of fraud risks and ensuring that the range of anti-fraud** measures deployed is appropriate to ~~the range of fraud risks~~
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk **that is monitored by those charged with governance**
- **Competence** – having the right skills and standards **commensurate with the full range of counter fraud and corruption activity**

- **Communications** – raising awareness internally and externally, deterring fraudsters, sharing information and celebrating successes
- **Collaboration** – working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation and information.

### 3. Definitions

In law, **fraud** is deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. The purpose of fraud may be monetary gain or other benefits, such as obtaining a home or a job with the Council by way of false statement

**Corruption** is a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities including bribery.

**Both can be encompassed by the term “economic crime”, which refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others.**

### 4. Strategic response

The principles of the Council’s Anti-Fraud and Corruption Strategy **are focussed on the following four pillars of activity (as taken from the 2020 Fighting Fraud and Corruption Locally Strategy): govern, acknowledge, prevent and pursue. These are supported by one further pillar; protect.**

<b><u>Govern</u></b>	<b><u>Acknowledge</u></b>	<b><u>Prevent</u></b>	<b><u>Pursue</u></b>
<b><u>Having a holistic approach to tackling fraud is part of good governance</u></b>	Acknowledge and understanding fraud and corruption risks	Preventing and detecting more fraud and corruption	Being stronger in punishing fraud and corruption/recovering losses
<b><u>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</u></b>	Assessing and understanding fraud and corruption risks Committing <b><u>the right</u></b> support and resources to tackling fraud and corruption Maintaining <b><u>and demonstrating</u></b> a robust anti-fraud and corruption	Making better use of information and technology Enhancing fraud and corruption controls and processes Developing a more effective anti-fraud and corruption culture <b><u>Communicating</u></b>	Prioritising fraud recovery and the use of civil sanctions Developing capability and capacity to punish corruption and fraudsters Collaborating with law enforcement <b><u>across geographical and sectoral</u></b>

	response <b><u>Communicating the risks to those charged with Governance</u></b>	<b><u>its activities and processes</u></b>	<b><u>boundaries</u></b> <b><u>Learning lessons and closing the gaps</u></b>
<b><u>Govern</u></b>	<b><u>Acknowledge</u></b>	<b><u>Prevent</u></b>	<b><u>Pursue</u></b>
<b>Some specific examples for Harlow Council</b>			
<ul style="list-style-type: none"> <li>• <b><u>Corporate Fraud Group that reports into the Corporate Governance Group and SMB</u></b></li> <li>• <b><u>Fraud included in the Audit Committee's Terms of Reference</u></b></li> </ul>	<ul style="list-style-type: none"> <li>• Risk management process</li> <li>• Fraud /corruption proofing policy and processes</li> <li>• Fraud and corruption awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Whistleblowing policy</li> <li>• Strong internal control culture</li> <li>• Staff and supplier vetting</li> <li>• Participation in the National Fraud Initiative and the pan-Essex Council tax matching campaign</li> <li>• Staff and Member Code of Conduct and Declarations of Interest</li> <li>• Information security and IT policies</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud response plan</li> <li>• Enforcement powers, application of sanctions and prosecutions</li> <li>• Collaboration <b><u>and joint prosecutions</u></b> with other Authority fraud teams</li> </ul>
<b><u>Protect</u></b>			
<b><u>Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.</u></b>			
<ul style="list-style-type: none"> <li>• <b><u>Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.</u></b></li> <li>• <b><u>For Harlow this will also cover protecting public funds, protecting the Council from fraud and cybercrime and also protecting itself from future frauds.</u></b></li> </ul>			

## 5. Key Fraud and Corruption Risks

It is important that the Council recognises and actively manages its risks relating to fraud and corruption, using its Risk Management Strategy to help achieve this. Fraud and corruption risks are considered as part of the Council's strategic risk management arrangements using both pro-active and reactive components.

The key fraud and corruption risk areas for councils have been identified in the **Fighting Fraud and Corruption Locally Strategy 2020**, and those relevant to Harlow District Council are listed below; although not an exhaustive list:

- *Tenancy*: Fraudulent applications for housing or succession of tenancy, subletting of the property
- *Right To Buy fraud*: Fraudulent applications under the right to buy/acquire
- *Procurement*: Tendering issues, split contracts, double invoicing
- *Payroll*: False employees, overtime claims, expenses
- *Council Tax*: Discounts and exemptions, council tax support
- *Business Rates*: Fraudulent applications for exemptions and reliefs, unlisted properties and rates avoidance
- *Grants*: Work not carried out, funds diverted, ineligibility not declared
- *Internal Fraud*: Diverting council monies to a personal account, accepting bribes, stealing cash, misallocating social housing for personal gain, working elsewhere while claiming to be off sick, wrongfully claiming benefit while working, abuse of position such as misuse of assets/resources
- *Identity Fraud*: False identity/fictitious persons applying for services/payments
- *Money Laundering*: Exposure to suspect transactions
- *Insurance Fraud*: False claims including slips and trips
- *Disabled Facility Grants*: Fraudulent applications for adaptations to homes aimed at the disabled
- *No Resource to Public Funds*: Fraudulent claim of eligibility
- *Local Enterprise Partnerships*: Voluntary partnership between local authorities and business, procurement fraud and grant fraud
- *Cyber Dependent Crime and Cyber Enabled Fraud*: Enables a range of fraud types resulting in for example diversion of funds, creation of false applications for services and payments
- **Commission of Services: including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion**

The United Kingdom Anti-Corruption Strategy 2017-22 sets out a long term framework for tackling corruption. For local government, including Harlow Council, this sets out the following goals:

- Greater procurement transparency, enabling better identification and mitigation of corruption risks.
- Strengthened awareness and capability within contracting authorities leading to a stronger awareness of corruption risks and more capability to detect and deter illegality.

## 6. Approach

The prevention and detection of fraud and corruption and the protection of the public purse is everyone's responsibility. The key components in achieving this are:

### *Proactive*

- Strengthening the anti-fraud culture to increase resilience to fraud
- Preventing fraud through the implementation of appropriate and robust internal controls including robust procurement and cyber security measures
- Increasing fraud and corruption awareness of Council officers, Members **and residents**
- Deterring fraud attempts by publicising the actions the Council takes against corruption and fraudsters

### *Reactive*

- Detecting fraud and corruption through data and intelligence analysis
- Implementing effective whistleblowing arrangements
- Investigating fraud and corruption referrals
- Applying sanctions, both civil and criminal
- Seeking redress, including the recovery of assets and money

The table below lists the suggested approach and expected outcomes against each of the four pillars of the Council's Anti-Fraud and Corruption Strategy, which will be supported by a rolling action plan.

Principle	Approach	Expected Outcome
<b><u>Govern by having a holistic approach to tackling fraud</u></b>	<b><u>Oversight through the quarterly Corporate Fraud Group meetings</u></b> <b><u>Performance monitored by the Corporate Governance Group and Audit and Standards Committee</u></b>	<b><u>Delivery of the Council's Anti-Fraud and Corruption Plan that tackles both internal and external fraud</u></b>

Principle	Approach	Expected Outcome
<p>Acknowledging and understanding fraud and corruption risks</p>	<p>Using the risk management process to assess current and future fraud and corruption risks</p> <p>Continued cultural change and increase in fraud and corruption awareness both internally and outside of the Council</p> <p>Annual fraud report through central collection of fraud data</p> <p>Improved sharing of fraud and corruption threats, information and intelligence both internally and externally</p>	<p>Increased reporting of cases</p> <p>Increased awareness of anti-fraud and corruption process and procedures throughout the Council</p>
<p>Preventing and detecting more fraud and corruption</p>	<p>Fraud and corruption proofing of policy and processes</p> <p>Better use of data and technology to prevent and detect fraud and corruption</p> <p>Assessment of the Council's internal controls framework to ensure it remains robust</p> <p>Supporting anti-fraud and corruption policies and procedures including whistleblowing and money laundering</p>	<p>Increased levels of anti-fraud and corruption awareness</p> <p>When fraud or corruption has occurred because of a breakdown in the Council's systems or procedures, the Section 151 Officer will ensure that the appropriate improvements in the control systems are implemented to prevent a recurrence.</p> <p>Any significant control issues are reported in the Annual Governance Statement along with actions taken to address the issue.</p>
<p>Be stronger in punishing fraud and corruption and recovering losses</p>	<p>Develop capacity and capability to investigate and prosecute fraud and corruption</p> <p>Consistent and effective response for dealing with fraud and corruption cases</p>	<p>Successful use of sanctions and/or prosecution</p> <p>Reduce the losses as a result of fraud or corruption</p>

## 7. Responsibility for implementing this Strategy

Responsibility	Role
Chief Executive	Ultimately responsible for preventing and detecting theft, fraud and corruption and promoting an anti-fraud and corruption culture.
Members	As elected representatives, all Members of the Council have a duty to the public to maintain the highest standards of conduct and ethics, and to ensure the Council is open and transparent in all the decisions it makes. Members are required to adhere to the Council's constitution, which incorporates a Member Code of Conduct.
Audit and Standards Committee	To satisfy itself there are adequate arrangements in place to manage risk (including that relating to fraud and corruption) effectively. To monitor Council policies on Anti-Fraud and Corruption and to receive periodic reports on fraud and corruption. Monitoring the operation of the Code of Conduct.
Corporate Governance Group	Develop, review and maintain the Anti-Fraud and Corruption Framework <b><u>through the Corporate Fraud Group.</u></b>
Senior Management Board	Ensuring all Staff follow this Strategy and any related policies and procedures, supported by the Council's Internal Audit and Human Resources functions.
Section 151 Officer	Has a statutory responsibility under the Local Government Act 1972 for the proper administration of the Council's financial affairs. Where irregularities, fraud or corruption are suspected the S151 Officer should be informed. On being informed of an alleged irregularity, fraud or corruption the S151 Officer will determine the arrangements for investigating the matter in line with the Council's Fraud Response Plan.
Monitoring Officer	Under the Local Government Act 1972 has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. They also advise the Council on the legality of their decisions.
Managers (all levels)	Responsible for preventing and detecting fraud and corruption and ensuring they operate effective mechanisms in their area of control to: <ul style="list-style-type: none"> <li>• Prevent theft, fraud and corruption thereby safeguarding the Council's assets and interests</li> <li>• Promote employee awareness</li> <li>• Assess the risk of fraud and corruption and take</li> </ul>

Responsibility	Role
	appropriate action <ul style="list-style-type: none"> <li>Take prompt action in line with the Fraud Response Plan where they suspect or are alerted to possible theft, fraud or corruption</li> </ul>
All staff	All staff have a responsibility to prevent, detect and report on fraud and corruption or suspected cases.
Partners and Contractors	Required to comply with the Council's policies and procedures when undertaking work for and jointly with the Council
External Audit	Under the International Standard on Auditing 240, when conducting an audit External Audit are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.
Internal Audit	Providing assurance on the effectiveness of systems and procedures to prevent and detect fraud and corruption (by undertaking audits). Supporting Managers in minimising fraud and corruption related risk and are alert in all their work to risks and exposures that could allow fraud and corruption to take place.

## 8. Supporting Policies, Procedures and Processes

The Council has a range of policies, procedures and processes in place to formalise arrangements for the prevention, detection and investigation of fraud and corruption. These include:

- Anti-Fraud and Corruption Strategy (this document)
- Whistleblowing Policy and Procedure (located on the Council's Kaonet) <https://www.harlow.gov.uk/sites/default/files/documents/Whistleblowing%20policy%20and%20procedure.pdf>
- Anti-Bribery Policy Statement (Appendix 1 of this document)
- Fraud Response Plan (Appendix 2 of this document)
- Anti-Money Laundering and Terrorism Financing Policy and Procedure (located on the Council's Kaonet) <https://www.harlow.gov.uk/sites/default/files/documents/Anti-money%20laundering%20and%20terrorism%20financing%20policy%20and%20procedure.pdf>
- Employee and Member Codes of Conduct (located on the Council's website and published as part of the Constitution)
- Financial Regulations (located on the Council's Kaonet and published as part of the Constitution)
- Contract Standing Orders (located on the Council's Kaonet and published as part of the Constitution)



## 9. Policy Reporting, Review and Monitoring Performance

This Strategy can only be varied with the collective agreement of the Chief Executive, the Section 151 Officer and the Monitoring Officer.

The Head of Finance, as Section 151 Officer, will develop **through the Corporate Fraud Group** a rolling Anti-Fraud Action Plan to support the Strategy.

It will be the responsibility of the Senior Management Board, via the Corporate Governance Group, to ensure there are adequate resources to support the action plan.

The Audit and Standards Committee will receive regular fraud updates to assist in their oversight of the Council's Anti-Fraud and Corruption Strategy and arrangements.

## **Appendix 1**

### **ANTI-BRIBERY POLICY STATEMENT**

Bribery is a criminal offence. Harlow Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor does it or will it, accept bribes or improper inducements. To use a third party as a conduit to channel bribes to others is also a criminal offence.

Harlow Council is committed to the prevention, deterrence and detection of bribery and has zero tolerance towards bribery.

#### **Bribery**

Bribery is defined as an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Council in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

#### **Objective of this Policy**

This Policy provides a coherent and consistent framework to enable Officers to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach. The Council requires that all staff, including those permanently employed, temporary agency staff and contractors to:

- act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible

- comply with the laws and regulations of all jurisdictions in which the Council operates

### **Scope of this Policy**

This Policy applies to all of the Council's activities. For partners, joint ventures, subsidiary companies and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this Policy.

Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all service areas.

### **The Council's commitment to action**

The Council commits to:

- Setting out a clear Anti-Bribery Policy and keeping it up to date
- Making all employees aware of their responsibilities to adhere strictly to this Policy at all times
- Raising awareness, and where appropriate offer training, so all employees can recognise and avoid the use of bribery by themselves and others
- Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to all employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

### **Gifts and Hospitality**

This Policy is not meant to change the requirements of the Council's Gifts and Hospitality Policy (included in the Officer Code of Conduct). The Policy makes clear that sample tokens of modest value bearing the name or insignia of the organisation giving them (for example, pens, diaries or calendars) whether given personally, or received in the post, may be retained unless they could be regarded as an inducement or reward. You should refuse the offer or invitation (or return the gift) unless your Head of Service has advised you that it may be accepted or retained.

### **Staff Responsibilities**

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All staff are required to avoid activity that breaches this Policy. Staff must:

- ensure that they read, understand and comply with this Policy
- raise concerns as soon as possible as they believe or suspect that a conflict with this Policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, staff that breach this Policy will face disciplinary action, which could result in summary dismissal for gross misconduct.

### **Raising a concern**

The Council is committed to ensuring that all of its Officers have a safe, reliable, and confidential way of reporting any suspicious activity. Officers have a responsibility to help detect, prevent and report instances of bribery. If an Officer has a concern regarding a suspected instance of bribery or corruption, they should report it.

There are multiple channels to help staff raise concerns and should refer to the Whistleblowing Policy to determine their favoured course of action. Staff who do not have access to the Kaonet should contact the Internal Audit Manager or their Head of Service. Concerns can be raised anonymously.

In the event that an incident of bribery, corruption, or wrongdoing is reported, the Council will act as soon as possible to evaluate the situation. The Council has a clearly defined Whistleblowing Policy and Fraud Response Plan which set out the procedures for investigating fraud, misconduct and noncompliance issues. This is easier and quicker if concerns raised are not anonymous.

Staff who refuse to accept a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this Policy, even if they turn out to be mistaken.

The Council is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith. If you have any questions about these procedures they can be directed to the Internal Audit Manager or the Council's Monitoring Officer.

### **Bribery Act 2010**

Under the Bribery Act 2010 there are four core bribery offences:

1. offering, promising or giving a bribe
2. requesting, agreeing to receive or accepting a bribe
3. bribing a foreign public official; and
4. a corporate offence of failing to prevent bribery.

A local authority, such as Harlow Council, could be liable to prosecution if an employee, agent, or subsidiary bribes another person, intending to obtain an advantage for the local authority.

For individuals, the penalties for committing a crime under the Act are a maximum of 10 years' imprisonment, along with an unlimited fine, and the potential for the confiscation of property under the Proceeds of Crime Act 2002.

## **Appendix 2**

### **HARLOW COUNCIL FRAUD RESPONSE PLAN**

#### **1. Introduction**

- 1.1 The Fraud Response Plan defines the way that Harlow Council applies its various policies and procedures to suspected theft, fraud, corruption and bribery.
- 1.2 It fits in with various other documents, including the Council's Anti-Fraud and Corruption Strategy and the Whistleblowing Policy and procedure. The procedures for dealing with suspected money laundering are different from other problems – see the Anti-Money Laundering and Terrorism Financing Strategy and procedure for the necessary actions.
- 1.3 Different rules apply to Benefits Fraud.
- 1.4 The aim of this Plan is to provide a toolkit for dealing with problems, and rapid access to expert advice. This Fraud Response Plan guides Managers on how to react to suspicions of fraud, theft, corruption and bribery.
- 1.5 Additionally, it gives an outline on how investigations will be progressed, the Manager's role and the role of the Investigating Officer.

#### **2. Purpose of the Fraud Response Plan**

- 2.1 The Fraud Response Plan is designed to ensure timely and effective action in the event of suspected fraud to:
  - Minimise fraud by taking prompt action
  - Prevent further losses where fraud has occurred
  - Maximise recovery of losses
  - Ensure the accuracy and integrity of evidence for successful disciplinary and court action
  - Identify lessons to be learned to improve fraud management
  - Maximise positive publicity when frauds are discovered and dealt with effectively
  - Deter others from fraud that they may be contemplating

In addition to obvious frauds involving theft of assets or the misappropriation of funds, the following are examples of the types of activity that may be regarded as fraud. The list is merely indicative and not exhaustive:

- Manipulation or misreporting of financial information.
- Misuse of the organisation's assets, including cash, stock and other assets
- Deception (e.g. misrepresentation of qualifications to obtain employment)
- Offering or accepting bribes or inducements from third parties
- Conspiracy to breach laws or regulations
- Fraudulent completion of official documents (e.g. VAT receipts)
- Time recording fraud

- Theft of intellectual property (e.g. unauthorised use of a brand name/logo, theft of customer data or product design)

### 3. The Manager's role in dealing with suspected fraud

#### *First response*

Where Managers suspect a fraud has taken place the first **course of action must be to contact the Head of Finance (as Section 151 Officer) and the Internal Audit Manager who decide at what point to inform** ~~will in turn ensure the Monitoring Officer and the Chief Executive. are informed.~~

The only exception to this is where the matter is clearly related to the Benefits system. In such cases, refer the matter direct to the Department of Works and Pensions (DWP), details of which can be found on the Council's web site.

The Head of Finance will retain overall responsibility and control for any investigation but will delegate responsibility for leading the investigation to an Investigating Officer ensuring they are independent of the Service area under investigation and appropriately experienced and trained. Internal Audit will provide advice and guidance to the Investigating Officer if they are not appointed as such. **Investigations of suspected fraud should only be undertaken by Officers authorised by the Head of Finance.**

There may be circumstances where it is appropriate for local Managers to undertake some preliminary exploration to check on the validity of an allegation or irregularity to establish whether there is a case to be investigated. Where this occurs, advice should be sought from the Head of Finance or Internal Audit as such activity may alert the fraudster, resulting in the destruction of evidence or compromising the collection of further evidence.

Human Resources will be consulted should action need to be taken against an individual staff member, such as suspension to protect evidence. Therefore, the Head of Finance will inform Human Resources **and the relevant Head of Service** at the earliest opportunity, and if appropriate agree a way forward.

Where initial investigations point to the likelihood of a criminal act having taken place, the Head of Finance or Monitoring Officer will inform the Police. Crime numbers should be obtained and provided to Internal Audit and Insurance for reporting purposes.

#### *Initial Enquires*

Speed is of the essence, therefore the Investigating Officer should make discreet initial enquires to determine if there actually appears to be an irregularity. During this initial enquiry the Investigating Officer should:

- Determine the facts and factors that gave rise to the suspicion
- Examine the factors to determine whether a genuine mistake has been made or whether an irregularity has occurred
- Document their findings, ensuring access is restricted i.e. not held in an 'open area' of the network

- Secure any relevant documentation/records if this can be done without alerting the perpetrator

The Investigating Officer should not formally interview staff at this stage.

#### **4. Formal Investigation**

The Head of Finance will instigate a formal investigation, in consultation with Internal Audit and the relevant Head of Service, to be undertaken by the appointed Investigating Officer. In the absence of the Head of Finance, their responsibilities are transferred to the Monitoring Officer or Chief Executive.

Consideration will be given by the Head of Finance whether to involve other agencies such as Police, HM Revenue & Customs, Cabinet Office, the Department for Work and Pensions, the National Anti-Fraud Network, the National Crime Agency, External Audit and other councils.

The Head of Finance, in consultation with Human Resources **and the relevant Head of Service**, will consider whether it is necessary to suspend one or more employees to protect evidence, colleagues or assets in line with disciplinary procedures.

#### **5. Conducting the Investigation**

The exact format of an investigation is fluid but some general principles will apply to all investigations:

- Investigate and report back to the Head of Finance promptly. If the investigation extends more than two or three days then the Head of Finance or Internal Audit should be given periodic updates.
- Comply with legislation on interviewing (Police and Criminal Evidence Act, PACE) and surveillance (Regulation of Investigatory Powers Act, RIPA). However, it is not normally necessary, even when there may be a criminal offence, to conduct interviews under PACE rules. The Police can re-interview witnesses and suspects later on in the process.
- Record all evidence received, ensuring that it is sound and adequately supported (see further guidance below).
- Keep written records of all fact-finding meetings and interviews.
- Email correspondence about the investigation should be discreet and use an agreed 'case name' rather than real names or locations.
- All sensitive attachments should be password protected (or, preferably, not emailed).
- Hold evidence securely, with appropriate restriction to access (both manual and electronic documentation)
- Maintain confidentiality and discretion throughout, and share information on a "need to know" basis. In particular, be mindful that Senior Officers may need to hear disciplinary cases, and therefore should not know details of cases.
- Where appropriate, contact other enforcement agencies e.g. Police, HM Revenue & Customs. This should be always enacted via Internal Audit as they may have established lines of communication and referral protocols.



- Investigators must not accept any offer of repayment of money or resignation at any stage, as this could prejudice the investigation. Any such offers should be recorded in the interview notes, and passed on to the Head of Finance for consideration (in conjunction with the HR Manager).

The Council has the right to suspend any employee involved pending the outcome of an investigation. Suspension does not imply guilt but suspension can prevent the removal or destruction of vital evidence. When suspects are not suspended, supervision will usually need to be increased. Always seek advice from Human Resources on suspensions and any subsequent disciplinary action.

The Head of Finance will report losses to the Council's Insurance Team at the earliest stage.

## **6. Actions Following the Completion of an Investigation**

Upon completion of an investigation, the Investigating Officer will report findings in an appropriate format (usually written) to the Head of Finance. The final report will also be issued to the Chief Executive and the Monitoring Officer, and if appropriate to the relevant Head of Service, HR Manager and Members of the Audit and Standards Committee.

In all cases the Council's insurers should be informed of actual losses as soon as these have been firmly established.

The Head of Service must remedy the control weaknesses identified during the course of the investigation. Internal Audit will provide advice and support on effective controls.

Internal Audit will record all the investigations and the final outcomes in the Theft, Fraud, Corruption and Bribery Register, including crime numbers. This information informs future prevention strategies, and is used in reporting fraud and corruption at the Council.

The Communications Team should be informed (it is useful to have a protocol regarding publicity of frauds) so that publicity can be managed effectively.

Whenever fraud has been proved, the Council will make every effort to recover the losses. The method used will vary depending on the type of loss and the regulations and powers available. All means of recovery including recovery under social security legislation, attachments to earnings, civil court proceedings and criminal court compensation will be used as appropriate to the offence.

**Simon Freeman**

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**Alternative Contacts**

- Internal Audit Manager, Sarah Marsh 01279 44 6884 (mobile 07973 733332) [sarah.marsh@harlow.gov.uk](mailto:sarah.marsh@harlow.gov.uk)
- Head of Governance (Monitoring Officer), Simon Hill 01279 44 6099 [simon.hill@harlow.gov.uk](mailto:simon.hill@harlow.gov.uk)
- Chief Executive, Brian Keane 01279 44 6000 [brian.keane@harlow.gov.uk](mailto:brian.keane@harlow.gov.uk)

**Outline of Fraud Response Process**

