

Counter Fraud Policy

Protecting Lincolnshire County Council Resources

July 2012

Counter Fraud Policy Statement

INTRODUCTION

Lincolnshire County Council has a **zero tolerance** stance to all forms of fraud, corruption and theft, both from within the Authority and from external sources. We recognise fraud can:

- undermine the standards of public service that the Council is attempting to achieve
- reduce the level of resources and services available for the residents of Lincolnshire
- result in major consequences which reduce public confidence in the Council

FRAUD is a deception which is deliberate and intended to provide a direct or indirect personal gain. The term “fraud” can include criminal deception, forgery, blackmail, corruption, theft, conspiracy or the covering up of material facts and collusion. By using deception a fraudster can obtain an advantage, avoid an obligation or cause loss to another party.

CORRUPTION is the deliberate misuse of your position for direct or indirect personal gain. “Corruption” includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else. The Bribery Act 2010 makes it possible for Senior Officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

It also created the Corporate Offence of “Failing to prevent bribery on behalf of a commercial organisation” (corporate liability).

To protect itself against the corporate offence the Act also requires organisations to have “adequate procedures in place to prevent bribery.” This policy statement, the LCC Code of Conduct and Whistleblowing policy are designed to meet that requirement.

THEFT is where someone steals cash or other property. A person is guilty of “theft” if he or she dishonestly takes property belonging to someone else and has no intention of returning it.

We are committed to the highest possible standards of openness, probity, honesty, integrity and accountability. We expect all staff, councillors and partners to apply these standards which are included in our Code of Conduct, supported by the Council’s values to be Professional, Respectful, Resourceful and Reflective.

We will seek to deter and prevent fraud, corruption and theft to ensure that all risks in these areas are reduced to the lowest level possible. Where we suspect or detect fraud, corruption or theft we will thoroughly investigate and deal with any proven fraud in a consistent and balanced way. We will apply appropriate sanctions against those committing fraud and will attempt to recover all losses.

SCOPE

This policy applies to:

- All County Council Employees and Councillors
- Staff and Committee Members of Council funded voluntary organisations
- County Council's Partners
- County Council Suppliers, Contractors and Consultants
- LCC residents

AIMS AND OBJECTIVES

We aim to:

- reduce fraud and loss within the Council to an absolute minimum and maintain that level
- protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Lincolnshire residents
- promote our Counter Fraud culture which highlights the Council's **zero tolerance** of fraud, corruption and theft, which defines roles and responsibilities and actively engages everyone – the public, councillors, staff, managers and policy makers
- provide a best practice Counter Fraud Service which:
 - proactively deters, prevents and detects fraud, corruption and theft
 - investigates suspected or detected fraud, corruption and theft
 - enables the Council to apply appropriate sanctions and recover all losses
 - provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity

PRINCIPLES

We will not tolerate abuse of our services or resources and have high expectations of propriety, integrity and accountability from all parties identified within this policy.

We will ensure that the resources dedicated to our Counter Fraud activities are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards.

Fraud is a crime and will result in disciplinary, legal and/or criminal action against the individual(s) concerned. We will ensure consistency, fairness and objectivity in all our investigation work – everyone will be treated equally.

We want everyone to report any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action.

We will work with our partners (e.g. the police, district councils and other investigative bodies) to strengthen and continuously improve our arrangements to counter fraud and corruption.

RESPONSIBILITIES

STAKEHOLDER	SPECIFIC RESPONSIBILITIES
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Assistant Director – Finance (Section 151 Officer)	To ensure the Council has an adequately resourced and effective Counter Fraud and Internal Audit service.
Audit Committee	To monitor the Council's policies and consider the effectiveness the Whistleblowing and Counter Fraud & Corruption arrangements.
Councillors	To support and promote the development of a strong counter fraud culture.
External Audit	Subject to the concept of materiality, provides reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity.
Corporate Audit & Risk Management (Counter Fraud and Investigations Team)	To develop and implement the Counter Fraud Policy and promptly investigate cases of suspected fraud reported under this policy, via the Whistleblowing arrangements or the National Fraud Initiative. To make recommendations to improve controls and reduce the risk of fraud in the future.
Managers	To promote staff awareness, refer all suspected fraud to the Counter Fraud Investigations Team and apply the policy of zero tolerance . To ensure that they assess the risk of fraud, corruption and theft in their service areas and reduce these risks by implementing strong internal controls.
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to management, the counter Fraud Investigation Team or via the Whistleblowing arrangements.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

APPROACH TO COUNTERING FRAUD

We will fulfil our responsibility to reduce fraud and protect our resources by a strategic approach consistent with that outlined in the Local Government Fraud Strategy - Fighting Fraud Locally. The three key themes are **Acknowledge – Prevent – Pursue**:

A C K N O W L E D G E	COMMITTING SUPPORT	The Council's commitment to tackling the fraud threat is clear within the annual Counter Fraud Work Plan. We have strong whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious allegations.
	ASSESSING RISKS	We will continuously assess those areas most vulnerable to the risk of fraud. These risk assessments will inform our annual Proactive Counter Fraud Work Plan – the Counter Fraud and Investigations Team will carry out work in these high risk areas to detect existing and new types of fraudulent activity.
	ROBUST RESPONSE	We will strengthen measures to prevent fraud – the Audit and Investigation Teams will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed.
P R E V E N T	BETTER USE OF INFORMATION & TECHNOLOGY	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
	ANTI FRAUD CULTURE	We will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.
P U R S U E	FRAUD RECOVERY	A crucial element of our response to tackling fraud is recovering any monies lost through fraud – this is an important part of our strategy and will be rigorously pursued, where possible.
	PUNISHING FRAUDSTERS	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
	ENFORCEMENT	Appropriately trained investigators will investigate any fraud detected through the planned proactive work, cases of suspected fraud referred from internal or external stakeholders or received via the whistleblowing arrangements.

OUTCOMES

Investigation activity itself does not represent the outcomes of our counter fraud work. We recognise that by preventing fraud we will reduce losses and the delivery of our counter fraud work plan will improve overall outcomes and achieve the aims & objectives of this policy. We will measure the effectiveness of our counter fraud arrangements by focusing on outcomes such as:

- high levels of fraud awareness (survey results /)
- zero tolerance to fraud (number of referrals / disciplinary results)
- reduced losses
- levels of recovery
- levels of reporting
- delivery of the annual counter fraud work plan (ensuring best practice)
- reducing the risk of fraud
- successful prosecutions and other sanctions

REPORTING, ADVICE AND SUPPORT

If you genuinely believe that someone is committing a fraud or you suspect corrupt practices, these are your reporting options:

- your line manager (or a more senior manager if you suspect your line manager is involved)
- Stephanie Kent (Audit Manager) stephanie.kent@lincolnshire.gov.uk
- Lucy Pledge (Head of Service) lucy.pledge@lincolnshire.gov.uk
- Councillor Neville Jackson, Counter Fraud Champion
- Whistleblowing facility:

Telephone: 0800 0853716 (dedicated confidential free phone number)

Email: whistleblowing@lincolnshire.gov.uk

In writing: Lincolnshire Local Authorities
PO Box 640
Lincoln
LN1 1WF

To avoid potentially contaminating the evidence, managers should not investigate themselves and instead immediately report all suspicions of fraud or corruption to the Counter Fraud and Investigations Team – refer to the Council's Fraud Response Plan for more detail.

We will treat all concerns or suspicions with discretion and in confidence. If you need advice or support or would like to report a concern, please contact Stephanie Kent on 01522 553682.

POLICY CONTROL

Owner/ Policy Lead Officer: Stephanie Kent (Audit Manager)
Location: Orchard House, County Offices, Lincoln
Consultation: Audit Committee / Executive
Review Arrangements: Every two years (Policy Lead Officer/Audit Committee)

FURTHER INFORMATION

- Counter Fraud Leaflet
- The Constitution
- Finance and Contract Regulations
- Whistleblowing Policy
- Fraud Response Plan
- Code of Conduct (Staff)
- Money Laundering Policy
- Annual Counter Fraud Work Plan
- Audit Lincolnshire Website
- Code of Conduct (Councillors)