



# Corporate Fraud Response Plan

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## 1. INTRODUCTION

1.1 Barnsley Council is committed to combatting fraud, corruption and irregularity. This Fraud Response Plan is intended to provide direction and help to all Council employees and Elected Members who wish to raise their concerns about suspected fraud, theft, corruption or irregularity either within, or against the Council.

1.2 The Council's Financial Regulations, Part B (Corporate Governance), Section 4 (Internal Control and Audit) states:

The Chief Executive, SMT and Service Directors are:

*Responsible for informing the Head of Internal Audit, Anti-Fraud and Assurance of any suspected irregularities, impropriety or areas of malpractice (described below) that are brought to their attention.*

Employees are:

*Responsible for notifying their respective Executive Director and/or the Head of Internal Audit, Anti-Fraud and Assurance of:*

- *All concerns regarding suspected irregularities involving cash, stores, equipment, information or other resources or property of the Council;*
- *Suspected impropriety in the functions of the Council;*
- *Suspected malpractice in the completion, use or retention of records.*

1.3 The Head of Internal Audit, Anti-Fraud and Assurance has a responsibility to investigate all cases of fraud that are referred to him. Actual investigations may be carried out by officers of the Corporate Anti-Fraud Team or Internal Audit (CAFT).

1.4 The Council's definition of fraud and corruption is defined within the Council's [Corporate Anti-Fraud and Corruption Policy](#) at paragraphs 2.3 and 4.2 respectively.

1.5 Section 6.4 of the Council's Code of Conduct for Employees states the following:

*'Where an employee has suspicions that a Council employee(s) or other individual(s) are involved in fraudulent or corrupt activities or theft, then they must in the first instance report those suspicions to their line manager.*

*If an employee feels unable to do this, then they can raise their concern(s) under the Council's [Confidential Reporting Policy](#) or to the Council's Corporate Anti-Fraud Team so the Council can take prompt action. The policy makes it clear that employees who raise legitimate concerns can do so without fear of reprisals. Any disclosure or allegation made maliciously or for personal gain will not be protected and disciplinary action may be taken accordingly.*

*As per the Council's Financial Regulations, all matters of potential and actual irregularity are required to be reported to Internal Audit. Such matters include all concerns regarding suspected irregularities involving cash, stores, equipment, information or other resources or property of the Council, any suspected impropriety in the functions of the Council or any suspected malpractice in the completion, use or retention of records.'*

This means that all officers of the Council are contractually required to report any concerns relating to theft, fraud or corruption via appropriate channels.

- 1.6 The Plan gives a framework to follow in responding to suspicions of fraud or corruption and provides information that allows evidence to be gathered and collated in a way which facilitates informed initial decisions, while ensuring that evidence gathered will be admissible in any future criminal or civil actions.
- 1.7 The Plan also outlines how the Council will deal with reports of fraud, theft, corruption or irregularity.
- 1.8 Where the suspected fraud relates to housing or welfare benefits, the matter should be referred directly to the Department for Work and Pensions (DWP) who will investigate the case under the Single Fraud Investigation Service.
- 1.9 This Policy does not cover money laundering. Any suspicions of money-laundering should be dealt with using the [Corporate Anti-Money Laundering Policy \(and Guidance\)](#).

## 2. OBJECTIVES

- 2.1 The objectives of a fraud response plan are to ensure that timely and effective action can be taken to:
- Ensure an appropriate investigation is undertaken;
  - minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation;
  - ensure there is a clear understanding regarding who will lead any investigation and to ensure Internal Audit's Corporate Anti-Fraud Team, service managers, Legal Services and Human Resources are involved as appropriate;
  - ensure a fair and consistent response to suspected frauds;
  - secure evidence and ensure containment of any information or knowledge of any investigation into the matter reported;
  - prevent further losses of funds or other assets where fraud has occurred and maximise recovery of losses;
  - ensure there is substance and evidence to support any allegation against an employee before that employee is subject to disciplinary action;
  - minimise the effect of a fraud or corrupt act by taking appropriate and timely action at an early stage;
  - identify the perpetrators and maximise the success of any disciplinary /legal action taken;
    - reduce adverse impacts on the business of the Council;
    - minimise any adverse publicity for the Council;
    - identify lessons to be learned to improve the internal control arrangements of the Council and improve fraud awareness.

## 3. EMPLOYEE RESPONSIBILITIES

- 3.1 As an employee there are a number of actions you may be required to take depending on who is involved in the irregularity. You should remember, however, that when you know of or suspect a fraud or corrupt act you should not discuss it with other work colleagues either before or after reporting it to the appropriate person.
- 3.2 You should never confront the suspected individual or act in a manner which might draw their attention to your suspicions.
- 3.3 At the earliest opportunity you should clearly record all the activities you have witnessed and information you have received or are aware of. It is important to record as much

information as possible to inform any subsequent management assessment or investigation, including dates, times and sequences of events but not to undertake any investigatory work yourself.

#### **Fraud by a member of the public / service user**

- 3.4 If the fraud or corrupt act is being committed in your service area, then under normal circumstances you should report your concerns to your line manager. If it is not in your area then you should not ignore the information you have, but should report the matter directly to the CAFT in Internal Audit Services or to one of the Corporate Whistleblowing Officers.

This may also include information that comes into your possession through your social life.

#### **Fraud by another Council employee**

- 3.5 If a work colleague is giving rise to suspicions that they are committing a fraudulent or corrupt act within their area of work, then under normal circumstances you should report it to your line manager. You may however not wish to report your concerns to your line manager particularly if you suspect your line manager of committing the fraud or corrupt act or having an involvement or knowledge.

Therefore the option exists to report to any of the following officers:

- Head of Internal Audit, Anti-Fraud and Assurance;
- The Executive Director Core Services;
- The Service Director of the Business Unit;
- The Executive Director of the Directorate;
- The Chief Executive.

Alternatively, concerns can be raised using the Council's Confidential Reporting (Whistleblowing Policy).

#### **Fraud by an elected Member**

- 3.6 If you need to report a suspicion or an actual fraud or corrupt act by a Councillor, you should report this to the following officers in the Council:
- Executive Director, Core Services, who is the Council's Monitoring Officer;
  - Service Director, Governance and Business Support; or
  - Head of Internal Audit, Anti-Fraud and Assurance.

#### **Investigation Conduct**

- 3.7 When a suspected fraud or corrupt act is reported an appropriate senior officer in the service department, in conjunction with an officer of the CAFT, will undertake a review of the situation and will, where evidence suggests there is a potential fraud, undertake a detailed investigation.

Any conversations you have, or information that you provide to the investigating officers will remain confidential. You should remember, however, that the Head of Internal Audit, Anti-Fraud and Assurance has a responsibility to investigate all cases of fraud that are

referred, with a view to prosecution and therefore you might be required to produce a signed written statement that could be used in a subsequent criminal investigation.

- 3.8 Subject to the constraints of the Data Protection legislation and the Council's duty of confidentiality to employees and Elected Members, you will be given as much information as possible about the outcome of any investigation. You must only report genuine concerns and believe the concerns to be true. Any reports which are subsequently determined to be malicious themselves could be dealt with as a disciplinary matter.

### **Confidential Reporting Policy (also known as Whistleblowing Policy)**

- 3.9 The Council has developed a Confidential Reporting Policy in accordance with the provisions of the Public Interest Disclosure Act 1998. The policy is available on the intranet ([Confidential Reporting Policy](#)) and enables you to raise legitimate concerns, which are in the public interest, about any financial or other malpractice in the Council without fear of recrimination.

## **4. MANAGEMENT RESPONSIBILITIES**

### **Evaluation and Investigation of complaints and allegations**

- 4.1 As soon as a complaint or an allegation is received, it is the responsibility of the line manager to report the facts to their appropriate senior line manager and between them satisfy themselves that there are reasonable grounds for the suspicion.
- 4.2 Upon judging that there are reasonable grounds for the suspicion, the concern must be reported immediately to the CAFT. Due to the requirement to secure any possible evidence, particularly if this is in an easily destroyable form, the matter should be reported as soon as it appears to be justified.
- 4.3 Management should be mindful of two important points at this time,
- where necessary, to take action to stem the outflow of cash / goods;
  - safeguard any evidence of any malpractice.
- 4.4 As the final outcome of an investigation could result in a court appearance it is of the utmost importance that the investigation can withstand the rigours of cross-examination. Evidence is crucial and the CAFT will advise management what action needs to be taken to secure both cash and evidence. This includes ensuring that any relevant documentation is retained securely in the condition it is received, i.e. it should not be written on or altered in any way. Preserving documents in plastic wallets is recommended. Other items or equipment relevant to the investigation must be safeguarded without any alteration to their original condition, e.g. personal computers. Prior to any possible suspension, Management must not act in any way that might alert the suspect.
- 4.5 At no time should the manager:
- Inform or alert the alleged perpetrator that they are under suspicion. To do so is likely to put evidence at risk;
  - Carry out any surveillance without proper authorisation or guidance from Internal Audit's CAFT;

- Divulge any information to the press or media. Responsibility for divulging information to the media will be taken by relevant Executive Directors through the Authority's Press Information Officer;
  - Undertake any interviews without consulting CAFT and HR.
- 4.6 If there are suspicions that similar frauds are or could be being committed the situation should be discussed with a member of the CAFT.

## **5. INTERNAL AUDIT'S RESPONSIBILITIES**

- 5.1 Internal Audit's CAFT will offer advice and assistance on the most appropriate course of action. Subsequent action could involve the securing of evidence in accordance with the Criminal Procedure and Investigations Act 1996 (CPIA). This evidence could be documents, CCTV footage or computer records; all of these could easily be destroyed or tampered with. The securing of computers and associated data and records is a specialised procedure and should only be attempted by specialists at the request of Internal Audit or the CAFT.

Further guidance on preserving evidence is given in Section 8 below.

- 5.2 Prior to undertaking an investigation, the CAFT will initially consider the size of the alleged fraud or the circumstances of its perpetration. If appropriate, advice and guidance will be provided to enable an investigation to be undertaken by the manager's own employees.
- 5.3 Whilst in most cases the CAFT will lead the investigation, each case will be considered individually and the appropriate course of action agreed. The nominated lead investigator will be responsible for co-ordinating interviews and ensuring any interviews are conducted fairly and in accordance with the Police and Criminal Evidence Act 1984 (PACE). Given the need to comply with PACE regulations all formal interviews will, where possible, be tape-recorded. Interviews will be conducted by two officers.
- 5.4 If the allegation is serious it may be desirable to remove an employee from the workplace, whilst the investigation is undertaken. Where suspension is being considered the line manager and the lead investigator will discuss this with an officer within Human Resources. A decision to suspend should be taken promptly with a Service or Executive Director's approval of the suspension.

## **6. ELECTED MEMBERS RESPONSIBILITIES**

- 6.1 Where Elected Members come into possession of information which may indicate that a fraudulent or corrupt act is being perpetrated against the Council the expectation is that they will report this to the Chief Executive, the relevant Executive Director, the Monitoring Officer (Executive Director, Core Services) or the Head of Internal Audit, Anti-Fraud and Assurance. The officer receiving the allegation should ensure that any subsequent investigation follows the requirements of this fraud response plan.

## **7. DETERMINING THE TYPE OF INVESTIGATION**

### **Allegation against an employee**

- 7.1 If an allegation is substantiated after the preliminary enquiry and further investigation is able to provide adequate evidence of the alleged action the matter will be reported to management for disciplinary proceedings to commence.

7.2 At the same time if there is evidence that fraud has been committed against the Council the Head of Internal Audit, Anti-Fraud and Assurance will formally consider referring the matter to the Police and liaise with them over whether formal charges could be brought and an investigation taken forward to possible prosecution.

7.3 In appropriate circumstances the Council will consider taking civil action against the perpetrator to recover any losses caused as a result of their actions.

#### **Allegation against a member of the public**

7.4 If an allegation of fraud against the Council is substantiated the basis of the action taken will follow a criminal prosecution route.

7.5 In addition to the criminal route, wherever applicable, the action taken by the Council will also follow a civil route. The use of the civil courts would be primarily in order to recover assets or monies obtained by the perpetrator.

#### **Allegation against an Elected Member**

7.6 Any allegations against a Councillor must be made to the Executive Director, Core Services in their role as Council Monitoring Officer.

#### **External Audit**

7.7 In some cases it may be necessary to immediately inform the Council's External Auditor of the fraud or corruption. This will be the responsibility of the Section 151 Officer (Service Director – Finance), the Council's Monitoring Officer or the Head of Internal Audit, Anti-Fraud and Assurance.

### **8. PRESERVATION OF EVIDENCE**

8.1 When the initial enquiry has established that further investigation is required, it is essential that all available evidence relating to the fraud be preserved. There is a fine balance between preserving evidence and not alerting the alleged perpetrator to your suspicions. In the first instance advice should be sought from the CAFT regarding the procedures to follow to ensure full compliance with RIPA, PACE and CPIA with regards to obtaining and documenting evidence, to ensure that the evidence obtained remains admissible in a Court of Law. For instance you should never go through a person's drawers or lockers without appropriate advice and authorisation; you should never obtain evidence by surveillance without following RIPA processes. The most common forms of evidence and a brief note of how they should be preserved are given below:

- **Original documents.** Original documents should be obtained and retained. The documents should be handled as little as possible and should be put in a protective folder. Under no circumstances should they be marked in any way. All original documents should be given to the Head of Internal Audit, Anti-Fraud and Assurance for review and preparation as evidence. A record of all documents should be maintained, detailing how, when and where they were obtained. All copies of original documents or screen images should be formally certified as a true copy with the date of copying.
- **Security of records following suspension.** Whenever a person is suspended from work they should be asked to remove all personal belongings from their

desk and be informed that the desk may be examined. Under no circumstances should an employee once suspended be allowed to access their files or computer records, any network access should be terminated immediately if not before the suspension is actioned.

- **Desk Search.** If an employee is under suspicion then their desk/work station can be searched. However any such search must be undertaken by two managers lead by a member of the CAFT. Under PACE conditions the contents of the desk/work station should be listed and the list should be signed by both officers as being a true record of what was found.
- **Computer based data.** When evidence is held on a computer, the computer should be secured and the Head of Information Systems and the Head of Internal Audit, Anti-Fraud and Assurance should be consulted about the most appropriate way of retrieving the data in accordance with the rules of evidence. Under no circumstances should any computer thought to contain likely evidence be powered down or access/download be attempted by individuals not appropriately trained.
- **Video evidence.** There may be CCTV based evidence available. If you suspect that a camera system may have information of value, secure the hard copy media or arrange for a certified download of the data in such a way as it can be treated as evidence in accordance with the rules of evidence.

8.2 The final outcome of an investigation could result in a court appearance. It is therefore of the utmost importance that the investigation can withstand the rigours of cross-examination. Evidence is crucial. Consequently managers should secure and preserve evidence in a legally admissible form.

8.3 The CAFT have specially trained officers to carry out investigations and undertake interviews. **Departmental or service managers are strongly advised not to undertake any interviews without consulting the CAFT, Human Resources and Legal Services.**

8.4 Interviews are an important part of any investigation and interview statements are a crucial element of evidence. All interviews must be conducted under properly controlled conditions in order to ensure that any statement taken and subsequently used as evidence will not be rejected as inadmissible. Where it is deemed appropriate the guidelines and code of conduct for interviewing suspects issued under the Police and Criminal Evidence Act (PACE) should be applied.

8.5 As a matter of routine, and to ensure a fair and transparent investigation is completed, the CAFT will record all interviews where they are the investigation lead.

## 9. WHERE SUSPICIONS CAN BE REPORTED

9.1 The Council has a specially trained Corporate Anti-Fraud Team (CAFT), situated within Internal Audit Services, who deal with all alleged or potential financial irregularities and allegations of corruption.

Suspensions of **corporate fraud** can be reported by the following methods:

- Corporate Anti-Fraud Team - Telephone number 01226 773185
- Email the Corporate Anti-Fraud Team at

[Corporatefraudinvestigations@barnsley.gov.uk](mailto:Corporatefraudinvestigations@barnsley.gov.uk)

- Head of Internal Audit , Anti-Fraud and Assurance - Telephone number 01226 773241
- Freephone 24 hour Whistleblowing hotline 0800 138 2939
- Contacting either of the Authority’s Whistleblowing Officers by telephone - Rob Winter on 01226 775788 or Andrew Frosdick on 01226 775799
- Contacting either of the Authority’s Whistleblowing Officers by E-mail at [wbo1rwinter@barnsley.gov.uk](mailto:wbo1rwinter@barnsley.gov.uk) or [wbo2afrosdick@barnsley.gov.uk](mailto:wbo2afrosdick@barnsley.gov.uk)
- Write to the dedicated Whistleblowing address – Barnsley MBC., PO Box 320, Barnsley S70 2YL.

NB All allegations / suspicions will be treated in the strictest confidence.

## 10. Press and Publicity

- 10.1 The Council’s Communications and Marketing Team will deal with the media in all matters regarding fraud and corruption. Where appropriate the details of all successful prosecutions for fraud should be released to the media. Employees must not directly disclose to the media the details of any cases suspected or under investigation.
- 10.2 Disclosure of details to the media without the express authority of Communications and Marketing would be regarded a disciplinary matter. The aim is to publicise the Council’s intolerance of fraud or corruption both within the Council and by users of its services. It also serves to publicise our successes against those who would perpetrate such fraud or corruption against the Council.

## 11. Conclusion

- 11.1 The Corporate Fraud Response Plan, in conjunction with the Corporate Anti-Fraud and Corruption Policy, Corporate Anti-Fraud and Corruption Strategy, Confidential Reporting Policy, Code of Conduct and Disciplinary Procedure will ensure that the Council’s objectives in countering and investigating corporate fraud and corruption are achieved. However no guidance such as this can expect to cover all eventualities and therefore if you have any issues or are unsure of the action to take in a given situation you should immediately contact a member of the CAFT.

## 12. Supporting Corporate Policies

Corporate Anti-Fraud and Corruption Policy  
Corporate Anti-Fraud and Corruption Strategy  
Corporate Anti-Bribery Policy  
Corporate Prosecutions Policy  
Corporate Anti-Money Laundering Policy  
Confidential Reporting Policy  
Code of Conduct  
Disciplinary Procedure