Lichfield District Council

Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes

September 2025

Approved by:	**Audit Committee**
Approval date:	**September 2025**
Author/owner:	Director - Finance, Regulation and Enforcement (Section 151)
Review frequency:	Every 4 years
Next review date:	September 2029
Location:	Intranet and Website

Introduction

1.1 The Council fully recognises its responsibility in relation to the spending of public money (Protecting the Public Purse) and is committed to the fullest support for Members and Staff in upholding the reputation of the Council and maintaining public confidence in its integrity. It also recognises its responsibilities under the Proceeds of Crime Act 2002, Money Laundering Regulations 2017, Criminal Finances Act 2017 (Part 3) and the Bribery Act 2010.

1.2 The Council acknowledges the threats of fraud and corruption and the harm that they can cause. The Council is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. This includes taking appropriate action against Staff, Members, contractors, external individuals and organisations (including those working with the Council in partnerships, subsidiaries and joint ventures).

1.3 To deliver the Council's corporate priorities, aims and strategic objectives we need to maximise the financial resources available to us. In order to do this we must reduce the risk of fraud to an absolute minimum.

1.4 This Policy Statement, together with the Counter Fraud & Corruption Strategy and Guidance Notes, is intended to provide advice and information to Staff and Members, but suppliers, contractors and the general public are also encouraged to use this advice and guidance.

Chief Executive Leader of the Council

2. Purpose and scope of policy

2.1 This strategy is a key element of the Council's overall corporate governance arrangements which aim to ensure the Council is well managed and does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way. The Council has a range of other interrelated policies and procedures that provide a corporate framework to counter fraud activity. These have been formulated in line with appropriate legislative requirements and include:

- Financial Procedure Rules,
- Contract Procedure Rules,
- Codes of Conduct,
- Whistleblowing Policy,
- Accounting procedures and records,
- Sound internal control systems,
- Effective Internal Audit,
- Effective recruitment & selection procedures,
- Disciplinary Procedures,
- Fraud Response Plan,
- Anti Fraud Framework for the Benefits Section,
- General Data Protection Policy,
- IT Security Policy,
- Constitution,
- Scheme of Delegation,
- Members Handbook,

- Code of Corporate Governance,
- Gifts & Hospitality Policy & Register,
- Anti-money Laundering Policy,
- Prevention of the Facilitation of Tax Evasion Policy
- Other council procedures as appropriate,
- Any relevant professional Codes of Ethics or obligations.

2.2 All references to fraud within this document include any type of fraud-related offence. Fraud, theft, bribery and corruption are defined as follows:

Fraud – "the intention to make gain or cause loss by false representation, failure to declare information or abuse of position". The Fraud Act 2006

Theft – " a person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it". The Theft Act 1968.

Bribery – "A person ("P") is guilty of an offence if either of the following cases applies.

Case 1 is where—
(a) P offers, promises or gives a financial or other advantage to another person, and
(b) P intends the advantage—
(i) to induce a person to perform improperly a relevant function or activity, or
(ii) to reward a person for the improper performance of such a function or activity.

Case 2 is where—
(a) P offers, promises or gives a financial or other advantage to another person, and
(b) P knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity. (The Bribery Act 2010)

Corruption – there is no universally accepted definition of corruption, but it is generally understood to involve the abuse of office and position to benefit a third party (an individual, business or other organisation), in return for payment or other reward. (HM Government – UK Anti-Corruption Strategy 2017 – 2022)

2.3 A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

- theft of an asset including, but not limited to, money, tangible property, intellectual property etc;
- misappropriation, misapplication, destruction, removal, or concealment of property;
- false claims and/or misrepresentation of facts;
- alteration of falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
- inappropriate use of computer systems including hacking and software piracy;
- embezzlement;
- bribery, or corruption of any kind;
- unlawful or undeclared conflict of interest;
- unauthorised use or misuse of Council property, equipment, materials or records.

2.4 Although a dishonest or fraudulent act may have criminal and/or civil law consequences, the Council is not required to use a determination by a criminal or civil body as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of the Council's Code of Conduct or other associated policies.

2.5 The Council also expects that individuals and organisations (e.g. partners, suppliers/contractors and service users) which it comes into contact with, will act towards the Council with integrity and without actions involving fraud or corruption. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.

2.6 In administering its aims and responsibilities the Council is totally committed to deterring fraud and corruption, whether it is attempted on or from within the Council, and is committed to an effective counter fraud and corruption strategy designed to:

- limit, as far as possible, the opportunities to commit fraudulent acts - **prevention,**
- enable any such acts to be **detected** at an early stage, and
- deal with any subsequent **investigations** in a prompt, thorough and professional manner.

2.7 Overall responsibility for dealing with fraud and corruption rests with the Director - Finance, Regulation and Enforcement (Section 151) who is the nominated Section 151 Officer having a statutory duty under Section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs.

2.8 Internal scrutiny of the Council's various activities occurs as a result of:-

- the Director - Finance, Regulation and Enforcement (Section 151) responsibilities and Section 114 Local Government Finance Act 1988 responsibilities,
- the establishment of sound Internal Audit arrangements in accordance with the Accounts and Audit Regulations 2015, and
- the responsibilities placed on the Governance Manager (Monitoring Officer) under Section 5 of the Local Government and Housing Act 1989.

2.9 External scrutiny of the Council's various activities occurs as a result of involvement by:-

- Local Government Ombudsman,
- External Auditor,
- Central Government Departments and Parliamentary Committees,
- HM Revenues and Customs,
- The Department for Work and Pensions
- The general public.

2.10 This Counter Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to deter any attempted fraudulent or corrupt act. These cover:-

- Culture,
- Prevention,
- Detection and Investigation,
- Recovery, Sanction and Redress,
- Training and Awareness,
- Sharing Information,
- Implementing the Strategy.

3. Policy details

3.1 Objectives

The key objectives of this Counter Fraud and Corruption Strategy are to:

- Increase awareness of the counter-fraud responsibilities at all levels within and outside the Council;
- Further embed and support the effective management of fraud risk within the Council;
- Support counter-fraud activities across the Council;
- Minimise the likelihood and extent of loss through fraud and corruption.

All of the above will directly support the achievement of the Council priorities whilst ensuring that statutory responsibilities are met.

3.2 Roles and Responsibilities

Roles and responsibilities for identifying and mitigating against the risk of fraud must be clearly understood and embraced effectively.

The risk of fraud and corruption is considered in the Council's corporate risk management arrangements. Members of Leadership Team and Service Managers must therefore ensure that:

- Their risk register accurately reflects the risk of fraud and corruption including any emerging risks;
- Controls, including those in a computerised environment and for new systems and procedures, are effective and are properly maintained and documented;
- There is compliance with the Council's Financial Procedure Rules and associated guidance, Contract Procedure Rules and any other relevant codes of practice;
- Those engaged in countering fraud and corruption, have the appropriate authority, skills and knowledge to undertake this work effectively;
- That the necessary framework agreements to counter fraud are in place where the Council is working with other organisations either by way of contract or partnership. The Council will not knowingly enter into any contractual agreement with an organisation that fails to comply with its Code of Practice and/or other related procedures.
- Findings from fraud investigations lead to relevant system changes.

3.3 Culture

The Council has determined that the culture and ethics of the Authority are one of honesty and openness in all its dealings, with opposition to fraud and corruption. This strategy forms part of the governance arrangements for the authority.

The Council's Members and staff play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation in accordance with this Counter Fraud & Corruption Strategy or the Council's Whistleblowing Policy.

The Council is committed to driving down all Fraud. Both public perception and organisational culture play key roles in achieving this aim. All Members and staff are therefore required to report any suspected or known frauds. Failure to do so may result in Disciplinary action.

Staff are required to declare any situation or transaction in which they may have an interest e.g. processing a relative's claim, appointing a member of staff. In such cases, staff will be removed from taking any further part in the transaction.

The Council's Whistleblowing Policy ensures that those raising concerns know they will be treated seriously and their concerns are properly investigated in a confidential and impartial manner. In raising concerns staff can be assured that they will be protected if the disclosure is made in the public's interest and will not affect their employment situation or future prospects with the Council.

Staff should raise their concerns with the Director - Finance, Regulation and Enforcement (Section 151), or in their absence with Internal Audit. In the exceptional circumstance, where staff feel unable to raise concerns with the above, they can raise their concern with their line manager, who must immediately inform the Monitoring Officer and / or Chief Executive. Under no circumstances should any investigations be undertaken by management.

In addition, a confidential reporting hotline, via email has been set up for staff and members of the public to report any concerns. Anyone using this facility should provide as much information as possible to ensure the concern can be properly investigated, including leaving your name and contact number, if possible. Concerns made anonymously are much less powerful, but they will be considered in an appropriate manner.

Alternatively, use the Council's website 'Report It' function: https://www.lichfielddc.gov.uk/xfp/form/188

For housing benefit fraud issues, concerns should be raised by contacting the National Benefit Fraud hotline on 0800 854 440 or online at https://www.gov.uk/report-benefit-fraud.

Elected Members, suppliers, contractors, those working with the Council via partnerships, subsidiaries and joint ventures and the general public are also encouraged to report concerns through any of the above routes.

Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner. All allegations received in this manner should immediately be forwarded to the Director - Finance, Regulation and Enforcement (Section 151) , or in their absence with Internal Audit.

All concerns will be treated in confidence and every effort will be made not to reveal the identity of anyone reporting an incident or concern. At the appropriate time the council will discuss the role of the person reporting the matter as a witness and whether and how the matter can proceed with.

Formal reports will be issued aimed at addressing control weaknesses and these will be reported to the Audit Committee.

The Nolan Committee set out the seven guiding principles that apply to people who serve the public. The Council will develop our working behaviour around these principles, which are attached as Appendix 1.

3.4 Prevention

3.4.1 Staff

Staff recruitment is through the Company, LWMTS (Talent Acquisition) whereby candidates will be proactively sought to fill vacancies. The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, propriety and integrity of the individual. Offers of employment are conditional subject to satisfactory clearances, including references for the previous 3 years of employment, evidence of right to work in the UK and a satisfactory Disclosure and Barring Service (DBS), if applicable. Qualifications will be verified. In this regard temporary, agency and contract staff should be treated in the same manner as permanent staff. Service Managers are responsible for ensuring agencies engaged

for the supply of temporary staff have rigorous vetting processes and that references are sought direct from previous clients with regard to the suitability and integrity of the candidate.

Staff of the Council are expected to follow the Council's Code of Conduct, any Code of Conduct relating to their personal Professional Body and also abide by the terms and conditions of employment as set out in the Contract of Employment and the National Scheme of Conditions. The Council will report any known impropriety to the relevant Institution for them to consider appropriate disciplinary action.

Staff are reminded that they must comply within Section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or are proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Details are described within the Code of Conduct.

Managers and staff are required to observe the formal Disciplinary Policy & Procedure.

All staff are required to declare in a public register (held by the Governance Manager (Monitoring Officer) any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Authority. Staff should also declare private work (paid or unpaid) etc., which if permitted must be carried out during hours when not employed on Council work, and should not be conducted from Council premises or use any Council equipment/assets.

The above matters are brought to the attention of staff via induction training and subsequently by internal communications.

Management at all levels are responsible for ensuring that staff are aware of the Authority's Financial Procedure Rules and Contract Procedure Rules, 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, which include accounting control procedures, working manuals and operating procedures. Management must ensure that all staff have access to these rules and regulations and that staff receive suitable training.

Managers should strive to create an environment in which staff feel able to approach them with concerns they may have about suspected irregularities. If Managers and staff are unsure of the appropriate action they should consult with the Internal Audit Section.

3.4.2 Members

Members are required to operate within: -

- Sections 49 - 52 of the Local Government Act 2000,
- Local Authorities (Members' Interest) Regulations 1992 (S.I. 618)
- The National Code of Local Government Conduct
- Any local code or amendments agreed and
- The Council's Contract Procedure Rules and Financial Procedure Rules.

These matters are specifically brought to the attention of elected Members at their induction and subsequent training. Members are required to provide the Governance Manager and Monitoring Officer with specific information concerning their disclosable pecuniary interests and to keep that information up to date, as required by sections 29-34 of the Localism Act 2011. The Members Interests Register is held by the Governance Manager (Monitoring Officer).

3.4.3 Systems

The Council's Constitution, Codes of Conduct, Scheme of Delegation, Contract Procedure Rules and Financial Procedure Rules place a duty on all Members and staff to act in accordance with best practice when dealing with the affairs of the Council.

The Director - Finance, Regulation and Enforcement (Section 151) has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of financial affairs. Various Codes of Practice outlining systems, procedures and responsibilities are widely distributed to staff.

Internal Audit assesses regularly the level of risk within the Council with a view to preventing fraud and corruption as part of their risk assessed audit plan. Such assessments are discussed with Assistant Directors and Service Managers and, where appropriate, incorporated into work plans.

Significant emphasis has been placed on thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties. The adequacy and appropriateness of the Council's financial systems are independently monitored by both the Internal and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective action is taken. The Section 151 Officer will use his statutory power to enforce the required changes if necessary.

Directors and Service Managers will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses.

Directors and Service Managers must ensure that proportionate counter fraud measures are applied to new systems/procedures.

It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. Staff are therefore encouraged to liaise with those other agencies, exchanging information (subject to GDPR) where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:-

- other local and statutory authorities,
- Chief Financial Officer Group,
- local, regional and national Auditor networks,
- government departments,
- police forces,
- the External Auditors,
- Staffordshire Counter Fraud Partnership,
- the National Anti-Fraud Network, and
- any other Fraud Networks/Forums.

The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Specific guidance has also been issued to all staff in relation to Proceeds of Crime and Money Laundering. Director - Finance, Regulation and Enforcement (Section 151) as the Council's Money Laundering Reporting Officer.

The Council will involve the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the Director - Finance, Regulation and Enforcement (Section 151), Governance Manager (Monitoring Officer) and the Chief Executive to decide.

3.5 Detection and Investigations

The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.

It is often the alertness of elected Members, council staff, and the general public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place.

Many frauds are discovered by chance, 'tip-off' or general audit work and arrangements are in place to enable such information to be properly dealt with.

Members of the Leadership Team and Service Managers are required by Financial Procedure Rules to report all suspected instances of fraud and corruption to the Director - Finance, Regulation and Enforcement (Section 151). Early reporting is essential to the success of this strategy, and;

- ensures the consistent treatment of information regarding fraud and corruption,
- facilitates a thorough investigation of any allegation received by an independent unit (Internal Audit), and
- ensures maximum protection of the Council's interests.

Suspicions that any transaction or dealing may involve the proceeds of crime should be reported to the Director - Finance, Regulation and Enforcement (Section 151), who will ensure such suspicions are reported to the appropriate authorities as required by the relevant Act.

The investigating officer will be appointed by the Director - Finance, Regulation and Enforcement (Section 151). The investigating officer will usually be a Council Officer. For more complex investigations, Internal Audit may be commissioned to provide support. The investigating officer will;-

- inform the Section 151 Officer (Director - Finance, Regulation and Enforcement (Section 151) and Chief Executive, as necessary;
- deal promptly and confidentially with the matter;
- have unhindered access to employees, information and other resources as required for investigation purposes;
- record all evidence received;
- ensure that evidence is sound and adequately supported;
- ensure security of all evidence collected;
- liaise as necessary and appropriate with the relevant Director;
- liaise as necessary with external agencies e.g. Police;
- notify the Council's Insurance Officer, if appropriate; and,
- implement Council Disciplinary Policy & Procedure where appropriate.

The Council can be expected to deal swiftly and thoroughly with any employee who attempts to defraud the Council or who is corrupt. The Council will deal positively with fraud and corruption or suspicions thereof.

There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

When it is found that fraud or corruption has occurred due to a break down in the Council's systems or procedures, the Council will ensure that appropriate improvements in systems of control are promptly implemented in order to prevent a reoccurrence.

Depending on the nature and anticipated extent of the allegations, the Investigating Officer, in consultation with the Director - Finance, Regulation and Enforcement (Section 151) will normally work closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.

The Council's disciplinary process will be used where the outcome of the investigation indicates improper behaviour.

The Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.

All investigations into suspected instances of fraud and corruption undertaken by the Council shall comply with the requirements of the Public Interest Disclosure Act 1998, Human Rights Act 1998, Regulation of Investigatory Powers Act 2000, Criminal Procedures and Investigation Act 1996 and have regard to the Police and Criminal Evidence Act 1984

Any Councillor who is the subject of allegations of wrong doing can be referred to the Governance Manager (Monitoring Officer) to the authority (details on the website), who will determine what action should be taken.

All contractors, consultants and organisations receiving funding from the Council, including those working in partnerships, subsidiaries and joint ventures who are accused of wrong doing will be the subject of an investigation and where appropriate an independent decision may be taken to terminate the agreement/grant.

The Council's External Auditor has a responsibility to review the Council's arrangements for the prevention, detection and investigation of fraud and corruption and report accordingly.

3.6 Recovery, Sanctions and Redress

Where the Council identifies fraud then it will:

Recover, prosecute or apply other sanctions to perpetrators, where appropriate.

Where fraud or corruption by staff is indicated, then action will be taken in accordance with the Council's Disciplinary Policy & Procedure. This may be in addition to any civil recovery action or sanctions.

The Council aims to be effective in recovering any losses incurred to fraud using, as appropriate, criminal and/or civil law. Success rates will be monitored routinely as an indicator and part of the quality process.

Wherever possible, redress should be applied. This ensures that the Council is seen as recovering money lost to fraud.

3.7 Training & Awareness

The Council recognises the importance of training in the delivery of high quality services. The Council supports the concept of fraud awareness training for Managers and for Staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Staff who ignore such training and guidance may face the possibility of disciplinary action.

Specifically, awareness is raised by a combination of face-to-face awareness sessions, e-learning and publications about general and specific fraud issues.

Investigation of fraud and corruption centres around the Council's Internal Audit section. Staff engaged in this section, for the detection and prevention of fraud, are properly and regularly trained in all aspects of it. The training plans of the sections will reflect this requirement.

Regular training seminars will be provided for Members on a wide range of topics including declarations of interest and the Code of Conduct as detailed in the Constitution.

The Council will maintain an up to date awareness of the types of fraud that it may be exposed to, especially given the ongoing financial situation and the resourcefulness of potential fraudsters. It will review national developments and strengthen systems and procedures accordingly using the following key sources of information:

National Fraud Reports

National Anti-Fraud Network

Midlands Fraud Forum

Local Networking through Staffordshire and the Midlands (Staffordshire Counter Fraud Partnership)

Any other sources of fraud awareness/updates etc.

3.8 Sharing Information

The Council is committed to working with other agencies in the detection and prevention of fraud.

There are a variety of arrangements in place, which facilitate the regular exchange of information between the District Council and other local authorities and agencies, for the purpose of preventing and detecting fraud. These involve national, regional and local networks of investigators.

The District Council is a member of the National Anti-Fraud Network (NAFN). NAFN provides access to information relating to fraud within the public sector. Fraud intelligence is collated and circulated to members, and information services to assist in the more effective investigation of fraud are available. We make use of these services.

As technologies develop, there is an ever increasing need to take advantage of the processing and analysis of data stored across the Authority and beyond. This enables information and intelligence to be generated, which is a recognised means of preventing fraud and corruption.

The Cabinet Office has a Code of Data Matching Practice for its National Fraud Initiative (NFI), which is recognised by the Information Commissioner as complying with Data Protection legislation.

The contacts to report concerns of fraud and corruption are outlined in Appendix 4.

Any action taken under this policy in respect of information must be GDPR compliant.

3.9 Implementing the Strategy

The Director - Finance, Regulation and Enforcement (Section 151), supported by Internal Audit, will arrange to undertake an annual assessment of the effectiveness of existing counter-fraud and corruption arrangements against:

Relevant Standards
Other best practice/statutory guidance as required
The roles and responsibilities as set out in Appendix 2 of this strategy.

An annual report will be provided to the Audit Committee who will consider the effectiveness of the counter-fraud risk management arrangements.

3.10 Conclusions

The Council's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud and corruption. All such measures will be kept under constant review to ensure that they keep pace with developments in prevention and detection techniques regarding fraudulent or corrupt activity.

The Council will maintain a continuous review of all its systems and procedures through the Director - Finance, Regulation and Enforcement (Section 151) and Internal Audit, in consultation with the Governance Manager (Monitoring Officer) where required.

Guidance Notes – Counter Fraud and Corruption

1.0 Why Do We Need a Counter Fraud And Corruption Strategy?

1.1 Even though the vast majority of people working for the Council are honest and diligent, the Council cannot be complacent. Fraudulent or corrupt acts may include:

System issues	ie where a process/system exists which can be abused by either staff or members of the public (eg expense claims)
Financial issues	ie where individuals or companies have fraudulently obtained money from the Council (eg invalid invoices/work not done)
Equipment issues	ie where Council equipment is used for personal use (eg personal use of council IT equipment)
Resource issues	ie where there is misuse of resources (eg theft of building materials/cash)
Other issues	ie activities undertaken by officers of the Council which may be: unlawful; fall below established standards or practices; or amount to improper conduct (eg receiving unapproved hospitality)

(This is not an exhaustive list.)

1.2 The prevention of fraud, and the protection of the public purse is ***EVERYONE'S BUSINESS***. It is important that all staff know:

- how to recognise a fraud,
- how to prevent it, and
- what to do if they suspect that they have come upon a fraud.

1.3 This guidance has been drawn up to provide information to staff at all levels. The strategy and guidance attempt to assist staff and others with suspicions of any malpractice. The overriding concern is that it is in the public interest for the malpractice to be corrected and, if appropriate, sanctions and redress applied.

1.4 It is important that staff should be able to use any mechanism without fear of victimisation, and fully know that their concerns will be addressed seriously, quickly and discreetly.

1.5 It is important that the whole Council works together to reduce Benefit Fraud. All Staff are therefore required to transfer relevant information gathered in their normal day to day activities about possible Benefit irregularities to the Department for Works and Pensions (DWP). So, for example, if during a routine visit/interview you become aware that a customer is working and "signing on" which they may be entitled to do so but <u>you</u> must tell the DWP this information. You are not expected to and must not delve any further.

1.6 The Council has determined that it should have a culture of honesty and openness in all its dealings, with opposition to fraud and corruption. The Council's Whistleblowing Policy does this by :-

- making it clear that vigilance is part of the job. Knowingly not raising concerns may be a serious disciplinary offence,
- recognising that early action may well prevent more worry or more serious loss/damage,
- making it safe and simple to convey critical information ensuring that any concern in this area is seen as a concern and not a grievance,
- encouraging information exchange, remembering that there are two sides to every story,

- providing a way in which concerns can be raised in confidence and not necessarily via the nominated line manager or supervisor,
- recognising the need for discretion,
- ensuring the anonymity of the individual, where possible, should this be preferred by the employee, and by protecting employers from reprisals.

1.7 Under the Enterprise and Regulatory Reform Act 2013, any disclosure made using the Whistleblowing Policy, within reasonable belief of the worker making the disclosure will only be protected if it is made in the public interest. More detail is found in the Whistleblowing Policy.

1.8 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

2.0 Why Do We Need This Advice?

2.1 It is important that you follow the advice given and do not try to handle the problem yourself, without expert advice and assistance. A badly managed investigation may do more harm than good. There are a number of internal and external processes which have to be followed to yield a satisfactory conclusion.

3.0 How To Recognise A Fraud

3.1 Each employee must be aware of fraud and the areas within their responsibility where fraud may occur.

3.2 Fraud can happen wherever staff or independent contractors complete official processes and can take financial advantage of the Council. The risk of fraud is enhanced where staff or contractors are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently the following areas are susceptible to fraud:-

- claims for work done by independent contractors,
- travel and expense claims,
- cash receipts/ petty cash,
- payroll,
- ordering, and
- stocks and assets.

3.3 Fraud involves the falsification of records, failing to disclose information or abuse of position. Managers need to be aware of the possibility of fraud when presented with claims/forms/documentation etc. Issues which may give rise to suspicions are:-

- systems / documents (including online forms) that have been amended or tampered with,
- claims that cannot be checked, particularly if prior authorisation was not given,
- strange trends (use comparisons and reasonableness),
- confused, illegible text and missing details,
- delays in documentation, completion or submission, and
- no evidence e.g. vouchers or receipts to support claims.

3.4 There are a number of indications of an employee being in a situation whereby they could be acting fraudulently. Common indicators could be:-

- living beyond their means,
- under financial pressure,
- not taking annual leave, and

- solely responsible for a "risk" area and/or possibly refusing to allow another officer to be involved in their duties and/or have minimal supervision.

4.0 How To Prevent It

4.1 By establishing an adverse culture to fraud and corruption the Council can help to prevent its occurrence.

4.2 Managers need to :-

- Minimise the opportunity for fraud – this can be achieved by putting in place robust systems of internal controls and checks.
- Reduce the "Pay – Off" – this is achieved by increasing the chances of detection and increasing the penalty for the perpetrator so risks outweigh the benefits of getting "away with it"

4.3 There are 8 basic control types which management should concern themselves with: -

Supervision

Supervisory checks should be completed and recorded by the line manager on the work completed by his/her team.

Organisation

Within each system, there should be policies/procedures setting out how functions should be carried out. There should be clear structures/rules which staff should work within.

Authorisation

Within a system there should be authorisation controls e.g. controls to authorise a payment (electronic/physical signature), and the correct level of authority is used in decision making.

Personnel

There should be clear roles and responsibilities and appropriate level of delegation. The right person should be doing the right job.

Segregation of Duties

Seek to avoid the sole ownership for the processing and control functions of any activity, by one employee.

Physical

This relates to physical controls e.g. access to monies, documents, security of premises etc should be appropriate and restricted where necessary. Where restricted access is necessary, access to keys/door numbers etc should be retained by the person granted access rights. They should not be left on the premises. Inventory checks ensure that assets are controlled.

Arithmetical Accuracy

Checks completed by another person to confirm the accuracy of data input/independent reconciliations of cash floats etc.

Management Functions

Within the system there should be controls for monitoring and reporting upon activity e.g the production of audit trail reports from systems etc. Monitoring to highlight exceptions/irregularity/non-compliance with rules and procedures and reporting – being accountable for actions.

4.4. Staff need to be aware of the possibility of fraud when presented with claims/forms/ documentation, etc. They should also have an awareness of internal rules and procedures; i.e. financial and contract procedure rules, declarations of outside work, hospitality etc.

4.5 Deterrence and prevention is the primary aim and if managers implement and control areas as mentioned in 4.3, any deviation from the set procedure should be highlighted in a timely manner.

5.0 What To Do On Suspecting A Fraud

5.1 Action By Staff

5.1.1 The Council is committed to the highest possible standards of openness, probity and accountability. Any employee who believes such standards are being breached should report their suspicions. This should be done via this Policy, by contacting the Director - Finance, Regulation and Enforcement (Section 151).

5.1.2 You should report the matter immediately, make a note of your suspicions and provide as much factual information to support your concerns. Concerns are better raised in writing.

5.1.3 The background and the history of the concern, giving names, dates and places where possible, should be set out and the reason why the individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone or meet the appropriate officer. The earlier the concern is expressed, the easier it is to take action. Individuals may invite their trade union or professional association to raise a matter on their behalf.

5.1.4 Do not try to carry out an investigation yourself. This may damage any investigation carried out by the Internal Audit section. Help the official investigators by providing information as and when requested and by giving a written statement when required.

5.2 Action By Managers

5.2.1 If managers become suspicious of any action by an employee or supplier or such suspicions are reported to them they should follow these simple rules.

- if possible establish if the irregularity (potential fraud, corruption or error) is a genuine error or possible fraud.
- contact the Director - Finance, Regulation and Enforcement (Section 151) or in their absence, Internal Audit.
- do nothing else, except remain vigilant and await further instructions from the investigating team.

5.2.2 The Council is required to report any cases in which it is suspected that transactions involve the proceeds of crime. If staff or managers have any such suspicion, this should be reported immediately to the Director - Finance, Regulation and Enforcement (Section 151).who shall advise on the necessary action and ensure the matter is reported to the appropriate authorities.

5.2.3 Details of the relevant contacts can be found in Appendix 4.

6.0 What Happens To The Allegation

6.1 An investigation will be carried following the Fraud Response Plan (Appendix 3). A full report will be copied and sent to:-

- the relevant Chief Officer, and
- the Chief Executive to consider if there needs to be any police involvement.

6.2.1 It is essential that the investigation be a complete one and the investigating officer to whom it is delegated is entitled to expect the fullest co-operation from all staff.

6.2.2 A full detailed report on any system control failures and recommended actions to address the failures will be issued to the relevant manager.

Appendices

Appendix 1

The Seven Principles of Public Life (Nolan Committee)

Selflessness

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

Integrity

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

Objectivity

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

Accountability

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

Openness

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

Honesty

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

Leadership

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

Appendix 2

Statement of Expected Responsibilities

Stakeholder	Expected Responsibilities
Chief Executive	Ultimately accountable as Head of Paid Service for the effectiveness of the Council's arrangements for countering fraud and corruption as well as corporate governance.
Director - Finance, Regulation and Enforcement (Section 151)	Director - Finance, Regulation and Enforcement (Section 151) has a statutory duty, under Section 151 of the Local Government Act 1972, Sections 114 and 116 of the Local Government Finance Act 1988 and Accounts and Audit Regulations 2011 to ensure the proper administration of the Council's financial affairs. The operation of the Council's Money Laundering Policy. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this Strategy and that action is identified to improve controls and reduce the risk of recurrence.
Governance Manager (Monitoring Officer)	To advise Members and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and Statutory Codes of Practice. Maintain a Register of Disclosable Pecuniary Interests. To put in place a corporate recruitment and selection policy and monitor compliance against it. The operation of the Council's Regulation of Investigatory Powers Act (RIPA) 2000 Policies and Procedures.
Directors	To ensure that fraud and corruption risks are considered as part of the Council's corporate risk management arrangements. To ensure that actions to mitigate risks in this area are effective. To notify Director - Finance, Regulation and Enforcement (Section 151), or in their absence with Internal Audit. Where of any fraud arising in a timely manner.
Leadership Team	Challenge new policies and strategies to ensure that fraud and corruption risks have been taken into account. Review the corporate framework designed to promote an over-riding counter-fraud culture on a regular basis. This will include monitoring and evaluating arrangements to ensure effectiveness and compliance with best practice.
Audit Committee	To monitor the Council's policies and consider the effectiveness of the arrangements for Counter Fraud and Whistleblowing.
Cabinet Member for Finance & Commissioning	To champion the Council's Counter Fraud & Corruption arrangements and promote them at every opportunity.

Elected Members	To support and promote the development of a strong counter fraud culture.
External Audit	Statutory duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Reporting on the effectiveness of controls to prevent fraud and corruption to the Audit Committee. To be commissioned as required to assist / undertake investigations into allegations of fraud / corruption as required.
Senior Managers	To promote employee awareness and ensure that all suspected or reported irregularities are immediately reported. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing robust 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.
Public, Partners, Suppliers, Contractors, those working with the Council in partnerships, subsidiaries and joint ventures and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions. To ensure that effective controls are in place to mitigate risks to the Council.

Appendix 3

Lichfield District Council

Fraud Response Plan

1. Fraud allegation received



2. Initial Response

Acknowledge receipt. Triage assess the allegation. Appoint Investigating Officer. Immediately secure any evidence (records, documents, systems, assess initial credibility (triage risk). Assess whether Internal Audit support is required – if so commission. Assess if Police involvement required (if so, notify Chief Executive). Assess with HR whether potential disciplinary investigation required. Follow HR advice.



3. Investigation

Undertake an impartial investigation, using trained personnel or an external body as appropriate. Maintaining confidentiality. Staff involved in the allegation may be suspended if necessary at any point in the investigation to protect evidence or prevent further loss. Investigation is evidence based and follows due process.



4. Outcome

Investigating officer prepares and submit Investigation Report together with recommendations. Recovery of funds/ assets if necessary. Reporting to Police or external authorities if appropriate. Lessons learned / process of control improvements put in place to prevent future occurrence.



5. Communication

Relevant internal parties will be informed as appropriate. Communication to the public or media will be made via the Comms Team and Monitoring Officer.

Appendix 4

HOW TO REPORT ANY SUSPECTED FRAUDS, CORRUPTION, OTHER IRREGULARITIES OR CONCERNS

For all general issues:

- Contact the Director - Finance, Regulation and Enforcement (Section 151): Anthony.thomas@lichfielddc.gov.uk
- Contact Internal Audit: internal.fraud@lichfielddc.gov.uk
- Use the Council's Internet 'Report It' function: https://www.lichfielddc.gov.uk/xfp/form/188

- If in doubt, then PROTECT will give free and totally independent advice on how to proceed. More information can be found in the Whistleblowing Policy.

To contact the Council's external auditor

Write to:

Azets – Accountants and Business Advisors

6th Floor, Bank House, Cherry Street, Birmingham, B2 5AL

Tel: 0121 374 0180

National Audit Office – Comptroller and Auditor General Whistleblowing hotline: 020 7798 7999

For Housing Benefit Fraud (including local council tax support and single person discount), contact:

- Telephone the national benefit fraud hotline on 0800 854 440 or
- Text phone number 0800 320 0512 or
- Via their website at https://www.gov.uk/report-benefit-fraud
- Write to NBFH, PO Box No. 224, Preston, PR1 1GP

Frauds and cyber-crime can also be reported via: https://www.actionfraud.police.uk/reporting-fraud-and-cyber-crime

Appendix 5

LICHFIELD DISTRICT COUNCIL ANNUALCOUNTER FRAUD PLAN

CREATING AN ANTI-FRAUD CULTURE		
OBJECTIVE	RISK	PROGRESS
To build an anti-fraud culture through the adoption of various measures to promote counter fraud awareness by: Continued use of e-learning of fraud awareness Continue to make available counter fraud strategies/policies on the intranet	Failure to make staff, members and the public that their suspicions will be treated confidentially, objectively and professionally.	On-going
To complete an annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.	Failure to make available enough resources for counter fraud work	Annually as part of the audit fraud reporting process

DETERRING FRAUD		
OBJECTIVE	RISK	PROGRESS
Review communications so that the most effective ways of communication with staff are utilised	A lack of robust strategic approach to deterring fraud can undermine actions to build an anti-fraud culture.	Communicate Fraud alerts as and when they are received e.g. via National Anti Fraud Network, National Fraud Initiative
Deter fraud attempts by publishing the organisations counter fraud and corruption stance and the actions it takes against fraudsters.	A lack of understanding as to the stance the authority takes against fraud.	Publish strategy on the intranet and raise staff awareness annually

PREVENTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Review the existing Counter Fraud Policy Statement, Strategy & Guidance Notes and update and amend as appropriate.	Out of date policies and procedures which do not cover relevant legislation	Four yearly review (unless legislation / best practice changes). Minor amendments (i.e. role changes) delegated to the Director of Director - Finance, Regulation and Enforcement (Section 151) to arrange.
Review and update the fraud risk register in line with potential system weaknesses identified during audits or investigations.	Potential risks not identified	Complete annually
Implement effective Whistleblowing arrangements	Out of date policies and procedures which do not cover relevant legislation.	Four yearly review (unless legislation / best practice changes). Minor amendments (i.e. role changes) delegated to the Director of Director - Finance, Regulation and Enforcement (Section 151) to arrange.

DETECTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Undertake enquiries as a result of the outcome of the National Fraud Initiative	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator.	On-going
Include counter fraud in the risk assessment process undertaken as part of annual Internal Audit planning	If not undertaken, there is a risk that fraud could go undetected	Annually

INVESTIGATIONS		
OBJECTIVE	RISK	PROGRESS
All referrals will be investigated in accordance with the Counter Fraud and Corruption Policy Statement & Strategy.	The risk of not investigating is that fraud goes unpunished and there is no resulting deterrent effect thus increasing the prevalence of fraud further	On-going

SANCTIONS		
OBJECTIVE	RISK	PROGRESS
Ensure that the sanctions are applied correctly and consistently (including internal disciplinary, regulatory & criminal).	If sanctions are not imposed there is no deterrence of fraud.	On-going

REDRESS		
OBJECTIVE	RISK	PROGRESS
Maintain comprehensive records of time spent on each investigation so that this can be included in any compensation claim. Identify and maintain a record of the actual proven amount of loss so that appropriate recovery procedures can be actioned.	Fraudsters may not realise that any and all measures will be taken to recover any money lost to fraud.	On-going

4. How it relates to/underpins our strategic ambitions

4.1 Our ambition and social value objectives are fully aligned with the Lichfield District 2050 strategy. The strategy seeks to meet both **confident and prosperous** part of the strategy by 2050.

a) **Confident communities** are places that are inclusive, resilient, and self-assured, where people take pride in their living environment, respecting and supporting one another regardless of background. A confident community is a cohesive, healthy, safe, prosperous, and happy place. It collectively tackles disadvantage, exclusion and powerlessness and strives to provide a high quality of life for everyone that lives there.

b) A **prosperous community** is one with economic wellbeing, where traditional and new business sectors succeed side by side and where innovation is commonplace and improves opportunity for all people and all areas of a place.

4.2 This will be achieved by the suite of robust counter fraud policies and procedures which allows for regular review and reporting of fraud matters in an open and transparent manner. This allows both residents and staff the ability to report concerns having the confidence that these reports are taken seriously and will be acted upon.

5. Related policies and procedures

The council is committed to developing and delivering services in a way that ensures it treats people fairly and promotes equality of opportunity and social cohesion within the wider community.

This policy aims to give the fairest outcomes to everyone regardless of race, gender reassignment, age, disability, pregnancy and maternity, religion or belief, sex or sexual orientation, marital or civil partnerships status and/or disability.

This policy has been subject to an Equality Impact Assessment to ensure that there is no discrimination in the way that it has been designed, developed or how it will be delivered and that, wherever possible, equality is promoted.

ENDS