



# Nottinghamshire County Council

## Fraud Response Plan

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## 1. INTRODUCTION

- 1.1. The Counter Fraud and Corruption Policy and Strategy make it clear that NCC has a zero-tolerance approach to fraud and corruption. Wherever there are genuine suspicions, staff are encouraged to raise their concerns at the earliest opportunity.
- 1.2. This Fraud Response Plan provides guidance to staff on the procedures that should be followed where a fraud is suspected or discovered. It should be read in conjunction with the Counter Fraud & Counter Corruption Policy & Strategy and the Council's Whistleblowing Policy. A summary of this plan is attached as a flowchart at Appendix 1.
- 1.3. All staff should be aware that, if an allegation is found to have been made maliciously or for personal gain, then disciplinary action may be taken against the person making the allegation.

## 2. DISCOVERY

- 2.1. There are a number of ways in which a fraud may come to light:
  - Discoveries by managers or other employees, usually arising from standard controls being broken or from employee suspicions.
  - Specific fraud detection exercises such as data matching or data analytics.
  - A "tip-off" from a third party; either a member of staff or an external party.
  - Routine systems audit checks or specific audit checks on high risk areas.
- 2.2. The scope of suspected fraud might range from internal incidents (e.g. involving petty cash or employee claims for travelling expenses) to circumstances affecting third parties (e.g. suppliers submitting duplicate invoices). A list of common examples of fraud is attached as Appendix 2.

## 3. ACTION TO BE TAKEN WHEN SUSPICION ARISES

### *Employees*

- 3.1. If an employee becomes aware of a suspected fraud they must report the matter to their line manager as quickly as possible. This must be done in a way that ensures confidentiality is maintained at all times as the initial suspicions may turn out to be unfounded or the perpetrator may be alerted to your suspicions.
- 3.2. If an employee feels unable to discuss their concerns with their line manager, for whatever reasons, they can instead raise their concerns with their Team or Group Manager as they feel is appropriate or may contact the Head of Internal Audit directly.
- 3.3. Employees should not contact the Police regarding suspicions. The referral decision will be taken jointly by the Council's Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative).

- 3.4. Employees may choose to report their concerns anonymously or they may request anonymity. While total anonymity cannot be absolutely guaranteed, every endeavour will be made not to reveal the names of those who pass on information.

#### *Managers*

- 3.5. When told about a suspected fraud, the line manager should listen to the concerns raised and treat them seriously and sensitively.
- 3.6. The line manager should gather as much information as possible from the employee and any notes or evidence that are readily available to support the allegation. These should be held securely to ensure evidence is not destroyed or lost. Under no circumstances should line managers attempt to investigate the matter themselves or covertly obtain further evidence as this may adversely affect any internal investigation or Police enquiry.
- 3.7. The line manager should then immediately contact their Team or Group Manager to advise them of the situation as well as either:
- the S151 Officer
  - the Head of Internal Audit
  - a member of CLT

#### *Councillors*

- 3.8. Where there is suspicion that a councillor may be involved in fraudulent activity, managers should report the matter directly to the Monitoring Officer, or to the Head of Internal Audit. The Monitoring Officer will determine whether the matter should be reported to the relevant Group Leader for the councillor concerned.

## 4. REFERRAL TO POLICE

- 4.1. All matters involving suspected criminal activity will be referred to the Police at the earliest opportunity using the established Single Point of Contact (SPOC) established with the Police by the Head of Internal Audit. The referral decision will be taken jointly by the Council's Section 151 Officer (or his/her nominated representative) and the Monitoring Officer (or his/her nominated representative). The decision to accept a case for investigation rests fully with Police.
- 4.2. If it is determined that an internal investigation is needed before contacting the Police, the need for a referral should be reconsidered once the findings of the internal investigation have been reported (see 6.1 below).
- 4.3. When referring an investigation to the Police the Section 151 Officer (or his/her nominated representative) / Monitoring Officer (or his/her nominated representative) should ensure the following conditions should be met to improve the chances that the case will be accepted for investigation:

- It must be established that there are reasonable grounds to believe that a criminal offence has been committed.
- **The points to prove for the offence need to be identified and considered.** The fraud needs to be more than an error or omission.
- The allegations should concern recent events and should not have become stale by reason of age. Incidents that are over two years old before discovery need to be judged individually on their merits, including the availability of documentary evidence and the reliability of witness statements
- NCC must identify and preserve all original documents and other exhibits relating to the **matter in accordance with PACE to assist subsequent Police referral.**

4.4. NCC must be prepared to supply all original documents and exhibits to the Police if an investigation is expected and commenced. Such evidential material should be securely retained before handover to the investigating officer. Any movement of original documentation and exhibits for safeguard should be recorded for information to the investigating officer.

4.5. The Head of Internal Audit will advise the manager who reports the case whether further and immediate action is needed. This might be to secure evidence, to protect the council from further losses, or to safeguard a possible criminal or internal investigation.

## 5. INTERNAL INVESTIGATION

5.1. The Head of Internal Audit will review the concerns raised and any evidence that is initially available and will decide:

- If an investigation is required as concerns are valid
- If no investigation is required as concerns are not indicative of **fraudulent activity, but also considering theft, computer misuse, money laundering etc.**
- If an initial inquiry is required to gather more evidence to support or refute the concerns.

5.2. **Following discussion of the case between the S151 Officer, Monitoring Officer, Head of Internal Audit, the Group Manager Legal Services, the following will be determined:**

- whether an investigation is required as the concerns are deemed to be valid. It may be determined that a preliminary inquiry is required to gather more evidence to support or refute the concerns
- whether the employee under suspicion should be suspended, pending criminal and internal investigations
- who will carry out the internal investigation. In most cases, Internal Audit staff will be charged with investigating allegations of fraud and corruption. In some cases, however, it may be determined that the investigation may be carried out by a departmental manager, with the support and advice of Internal Audit.

- 5.3. Where it is decided to investigate, resources will be made available to ensure the investigation can be carried out as a matter of urgency. This is important to ensure that:
- Prompt action is taken to ensure facts, evidence and explanations can be captured while events remain current
  - Any on-going losses to fraud are minimised
  - The cost to the authority of suspended employees is minimised
  - The council's commitment to its zero-tolerance stance against fraud and corruption is clearly demonstrated.
- 5.4. Where a case has been accepted by the Police for investigation, it is most important that the internal investigation team maintains close liaison with the investigating police officer. This is to ensure that the internal investigation does not in any way hinder or compromise the criminal investigation.
- 5.5. On conclusion of the internal investigation, two reports will be produced and issued to the S151 Officer, the Monitoring Officer, the Group Manager Legal Services and the relevant Corporate Director:
- the primary report will detail the facts determined as a result of the investigation. This report will enable a decision to be made concerning the need for disciplinary action (see 6.1 below)
  - the secondary report will highlight any procedural weaknesses identified during the investigation, and it will make recommendations for improved internal controls (see 7.3 below).

## 6. DISCIPLINARY PROCEDURE

- 6.1. On receipt of the internal investigation report, the following shall be considered:
- if the case had not already been referred to the police, the need for a referral shall be reconsidered in light of the findings of the internal investigation. The decision to make a referral to the police at this stage shall be taken by the officers listed above, at 4.1
  - the S151 Officer, the Monitoring Officer, the Group Manager Legal Services and the relevant Corporate Director will determine whether any disciplinary action is warranted against any council officers.

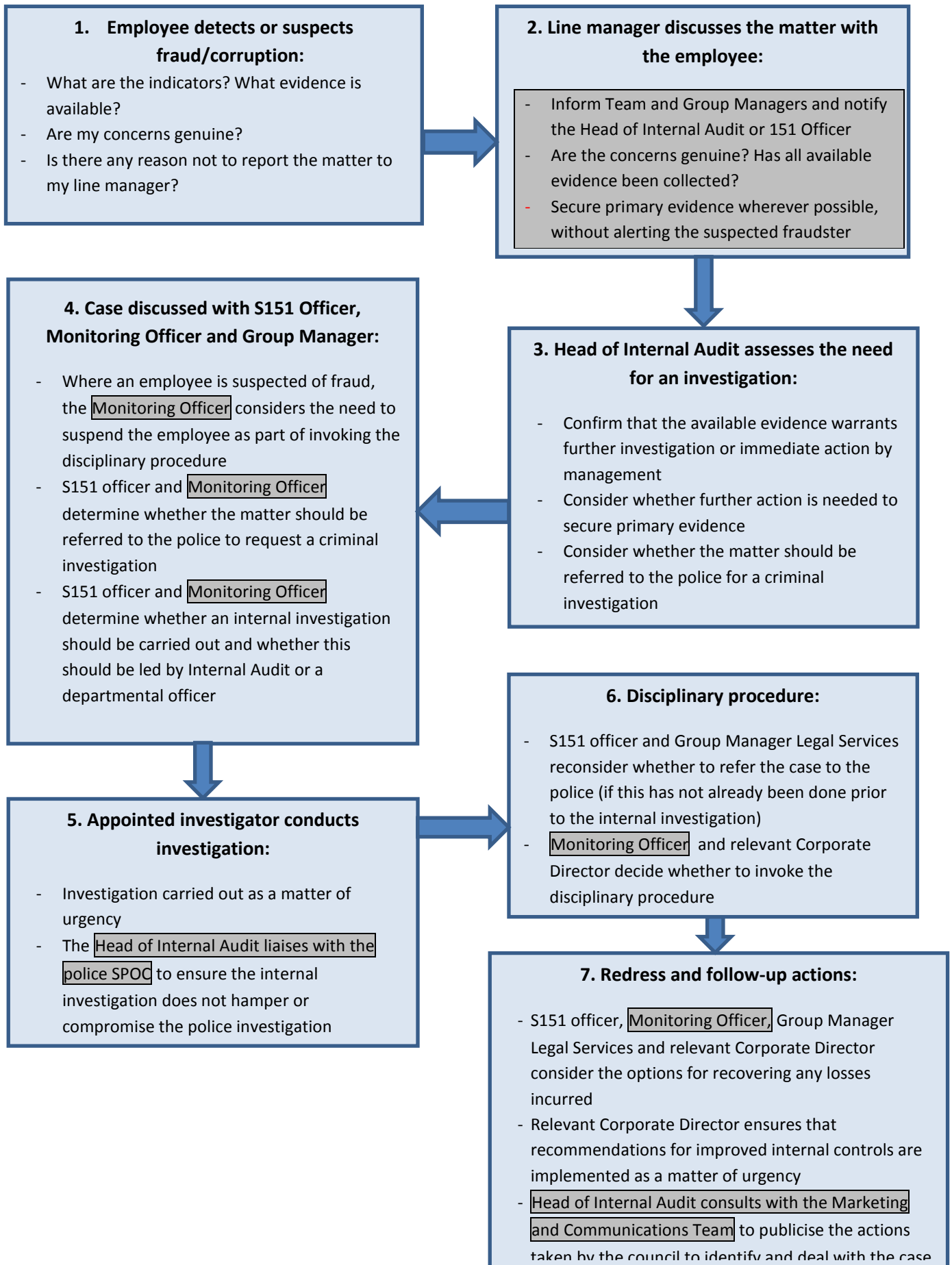
## 7. REDRESS AND FOLLOW-UP ACTIONS

- 7.1. The internal investigation report will quantify the extent of any losses incurred by the council. The S151 Officer, the Monitoring Officer, the Group Manager Legal Services and the relevant Corporate Director will consider all options available to seek recovery of the losses.

- 7.2. Where the Police do not accept the case, or the Crown Prosecution Service do not seek a criminal prosecution, the Group Manager Legal Services should advise on the prospects for recovering losses through a private prosecution through the civil court. NCC should seek to recover costs in addition to any losses.
- 7.3. The relevant Corporate Director will be responsible for implementing the recommendations made for improved controls in the secondary report following the internal investigation. Where agreed, the recommendations should be implemented as a matter of urgency to ensure protection against recurring cases. The recommended changes will be set out in an action plan identifying the staff involved and the relevant completion dates. Subsequently, the Head of Internal Audit may initiate a follow-up audit of the relevant areas to ensure the revised procedures are operating effectively.
- 7.4. The Head of Internal Audit will co-ordinate with the Marketing and Communications Team regarding the content and timing for communicating the outcome of the investigation to internal staff and to the wider public, as considered appropriate.
- 7.5. The Head of Internal Audit will advise and update the Governance and Ethics Committee on suspected and actual fraud cases as part of its routine reporting arrangements. This will include the extent of losses, and the key outcomes in terms of sanctions taken, recoveries achieved and procedural improvements implemented.

## 8. KEY CONTACTS

Post	Post holder	Contact
Head of Internal Audit	Rob Disney	0115 97 72224 rob.disney@nottsc.gov.uk
S151 Officer	Nigel Stevenson	0115 97 73033 nigel.stevenson@nottsc.gov.uk
Monitoring Officer	Marjorie Toward	0115 97 74404 marjorie.toward@nottsc.gov.uk
Group Manager Legal Services	Heather Dickinson	0115 97 74835 heather.dickinson@nottsc.gov.uk



There are many ways people may try to defraud NCC. This could be carried out by employees or people from outside the organisation. The most common of these include:

### Fraud from internal sources

- Theft of cash, stocks or assets and attempts to disguise this
- Over-claiming expenses
- Claiming for overtime not worked
- Selling waste and scrap
- Bogus employees on the payroll
- Forging signatures or altering amounts on documents
- Writing off recoverable debts
- Running a private business with NCC assets

### Fraud from external sources

- Submitting invoices for goods or services not delivered or submitting multiple invoices for the same goods and services
- Claiming for expenses not incurred, or claiming the same expenses multiple times
- Changing bank details of existing suppliers
- Collusive bidding
- False compensation and insurance claims
- Bribing employees or councillors
- False, official identification used