

Cardiff Council
Internal Audit, Investigation Team

FRAUD RESPONSE PLAN

December 2017

Fraud Response Plan

Foreword

Capital Ambition, the administration's five-year plan for the city, outlines the council's vision for Cardiff to become a leading city on the world stage during a time of unprecedented austerity, recognising the likelihood of further reductions in public expenditure in the future.

The Council is funded by public money, through council tax, business rates and other sources. Fraud against the council is essentially theft of this money and the council takes its role as a guardian of these public funds seriously.

For these reasons, the council will not tolerate any fraud, bribery or corruption and has a zero tolerance approach.

1. INTRODUCTION

- 1.1 All actions undertaken will be lawful, necessary, reasonable, proportionate, adhere to the principles of natural justice and in compliance with policies and procedures.
- 1.2 This document has been prepared to act as a procedural guide for required actions, which must be followed, in the event of a suspicion of fraud, bribery, corruption or financial impropriety, either actual or attempted, within or against the Council and must be read alongside the Fraud, Bribery and Corruption Policy.
- 1.3 The objective of this Fraud Response Plan is to ensure that all suspicions are reported and that timely and effective action is taken in order to:
 - minimise the risk of inappropriate action or disclosure which may prejudice a subsequent investigation;
 - prevent further loss of funds or other assets;
 - ensure there is a clear understanding over who will lead any investigation;
 - ensure consistent action is undertaken;
 - ensure all cases are recorded and reported to the Section 151 Officer and Audit Committee;
 - minimise any adverse publicity.

2. SCOPE

- 2.1 The scope of this response plan is not limited to fraud and bribery but is applicable to any suspected act of financial impropriety. This includes any act that puts the Council's resources at risk.
- 2.2 The exception to this, is benefit fraud, which will be investigated by the Department for Work and Pensions.
- 2.3 This plan must be invoked immediately where suspicions of fraud, bribery, corruption or financial impropriety have been raised.
- 2.4 If in doubt, seek advice from the Internal Audit, Investigation Team.

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3. DEFINITIONS

- 3.1 **Fraud** may be described as an unlawful act, undertaken in order to make a gain for oneself or another, or cause a loss. Often through False representation, Failure to disclose information or Abuse of a position.
- 3.2 **Bribery** is the giving, offer, or promise of an advantage to another person to induce or reward improper performance of a relevant function or activity **or** requesting, agreeing to receive or accepting an advantage, with the intention to improperly perform a relevant function or activity.
- 3.3 **Corruption** is the abuse of entrusted power for private gain, involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
- 3.4 **Zero tolerance**, requires staff, members and those who engage with the council to act honestly and with integrity at all times, and to promptly report concerns. All concerns will be considered and investigated in accordance with existing policies and procedures and suspected crimes reported to the Police and action taken to recover monies obtained fraudulently.

4. REPORTING

- 4.1 Reports can be made in the knowledge that concerns will be properly investigated.
- 4.2 Whilst the overall responsibility for investigating cases of employee misconduct rests with management of the employing Directorate; all cases involving suspected or actual fraud, bribery, corruption or financial impropriety must be reported to the Audit Manager via the Internal Audit, Investigation Team, without delay.
- 4.3 Individuals outside of the Council wishing to report concerns must be directed to the Internal Audit, Investigation Team.
- 4.4 Concerns raised anonymously will be considered by the Internal Audit, Investigation Team.
- 4.5 It is important that actions at this stage do not prejudice or taint any potential future civil or criminal investigations.

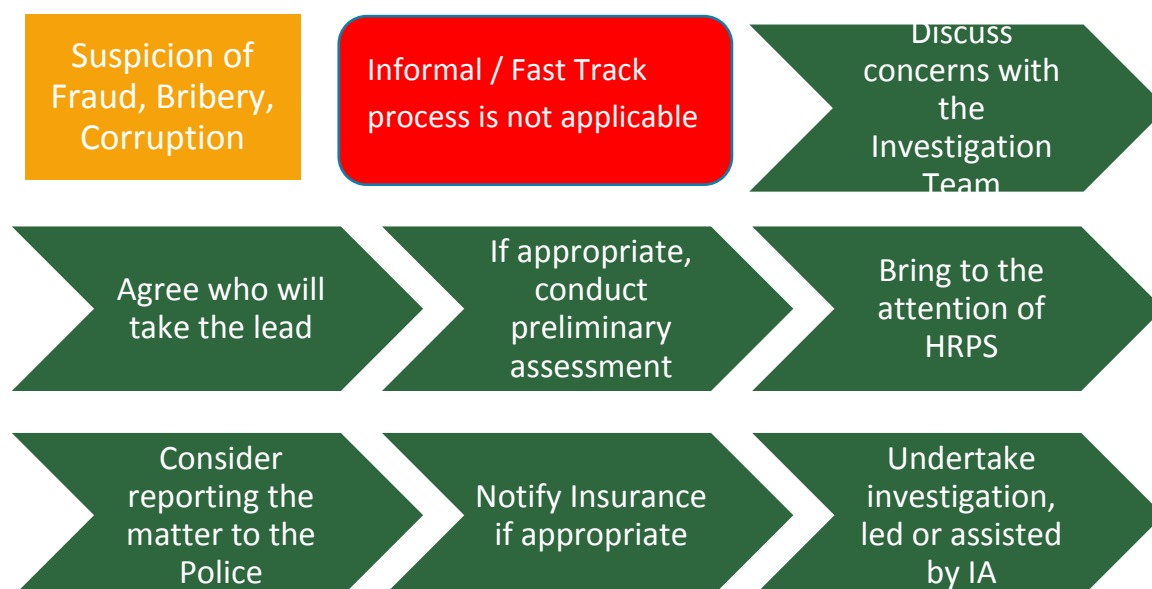
5. INVESTIGATION

- 5.1 Following notification of a potential case, the Internal Audit, Investigation team will discuss and agree with the employing Directorate who will lead the investigation.
- 5.2 The overall responsibility for investigating suspected fraud, bribery, corruption or financial impropriety rests with management of the employing Directorate; however, the Section 151 Officer has overall responsibility for financial stewardship throughout the Council and as such seeks assurance, through the Audit Manager, that a proper investigation is undertaken.

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- 5.3 There may be occasions, for example a serious or complex case, when it would be more appropriate for the Internal Audit, Investigation Team to take the lead. In the event of a disagreement, the Section 151 Officer will have the final say.
- 5.4 Prior to undertaking Disciplinary Policy investigations, Investigating Officers must complete the mandatory ELearning and face-to-face training. Internal Audit Investigators are professionally trained to conduct civil and criminal investigations and gather evidence lawfully.
- 5.5 The Audit Manager will report cases of fraud, bribery, corruption or financial impropriety to the Audit Committee. The timing and detail of reports will be balanced against the need to inform committee members and the need to ensure that individuals' rights are not compromised and that investigations are not jeopardised.
- 5.6 At all times there will be compliance with the Disciplinary Policy and advice sought from HRPS at the earliest opportunity.
- 5.7 If criminality is identified, the expectation is that the matter will be reported to the Police. The Internal Audit, Investigation Team will attend any Police Referral Panel that is convened.
- 5.8 Due to the length of time that some Police investigations take to conclude, the Council reserves the right to conduct its own internal investigations and / or to instigate disciplinary proceedings against employees who are the subject of ongoing Police investigations. It is important that the criminal investigation is not prejudiced and therefore dialogue with the Police is likely to be necessary.

Conduct thought to involve at least 1 employee or person working for, or on behalf of the Council



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6. EVIDENCE

- 6.1 It is imperative that all available evidence is preserved / secured lawfully without alerting individuals who are thought to be involved and held securely. Under no circumstances are electronic or physical documents to be edited, annotated or marked in anyway.
- 6.2 Searches, monitoring and surveillance may all be permissible, however, advice must be sought from the Internal Audit, Investigation Team to ensure compliance with relevant and current law, best practice, policies, procedures and guidance.

7. CONCLUSION

- 7.1 On conclusion of an investigation, the Investigating Officer will prepare a written report. The report will contain all the factual information, relevant documents, and interview records/statements. There will be an evaluation of the facts and a recommendation as appropriate, which will include whether or not the matter should proceed to a disciplinary hearing.
- 7.2 Where control issues have been identified, following discussions with the Audit Manager, a clear plan will be produced to address the issues, options include an ad hoc audit assignment or an audit report.
- 7.3 The Investigation Team will regularly produce progress reports to the Audit Committee, in addition, completed investigations relating to fraud, bribery and corruption will be reported to the Section 151 officer and Audit Committee as appropriate.
- 7.4 Recovering losses is a major objective of any investigation and in all cases the Council will vigorously pursue recovery and will use all means available, including civil sanctions.

8. POLICY REVIEW

- 8.1 Internal Audit will conduct a review of this Fraud Response Plan biennially or more frequently if required, to ensure that it reflects changes which may be necessary to strengthen future responses by the Council to fraud, bribery and corruption, and to ensure that the procedures reflect current best practice. Where any changes are to be made, these will be brought to the Audit Committee for endorsement.