

To: Finance, Resources and Customer Services Policy Board

On: 21 November 2024

Report by: Director of Finance and Resources

Heading: Counter Fraud and Corruption Policy

1. Summary

1.1 This Report asks the Board to approve the Council's revised Counter Fraud and Corruption Policy which details the Council's approach to the prevention, detection and reporting of fraud and corruption, across all of the Council's service areas. The policy is attached in Appendix 1.

1.2 The scope of the Policy extends to:

- Employees
- Elected members
- Service users
- Contractors, agencies and suppliers
- Other partner organisations where the principals of "following the public pound" would apply, such as organisations that receive funding from the Council, including the voluntary sector and other third-party organisations in which the Council has an interest.

1.3 The Counter Fraud and Corruption Policy was approved by this Board on 30 January 2019. The policy has not substantially changed, the principal changes that have been made are:

- The supporting policies, standards and procedures have been updated to reflect those currently in place
- To acknowledge that the Corporate Counter Fraud Team and the Security & Compliance Team will work collaboratively to protect the Council, clients, citizens, and service users when required.

- To highlight the Fraud Awareness Training which is available to all employees and members.

2. **Recommendations**

- 2.1 To approve the Counter Fraud and Corruption Policy attached in Appendix 1.

3. **Background**

- 3.1 The public expect the Council to conduct its affairs with integrity, honesty and openness, and demand the highest standard of conduct from those working for and with it. The Council is also expected to safeguard public funds, and to ensure that they are available and used for their intended purpose.

- 3.2 The Council has a commitment to achieving the highest standards of probity, which ensures that the opportunity for fraud and corruption is reduced to the lowest possible risk, with losses minimised. The Council's aims to meet these expectations by having a culture which demonstrates clearly the Council is firmly committed to dealing equally with any fraud and corruption by perpetrators from both inside (elected members and employees) and outside the Council (including service users, members of the public, partners, contractors and suppliers).

Implications of the Report

1. **Financial** – This aim of this Policy is to safeguard public funds, and to ensure that they are available and used for their intended purpose.
2. **HR & Organisational Development** – Training on Fraud Risks will be offered to relevant staff.
3. **Community/Community Planning - None**
4. **Legal** – The Policy conforms to the relevant legislation
5. **Property/Assets** – None

6. **Information Technology** – None
7. **Equality & Human Rights** -The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. Fraud Investigations, by their nature, require an assessment of the true facts and can involve the collection of personal data and the potential for infringement of individuals' human rights have been identified. Mitigating actions are detailed in section 11 of the policy. Following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored.
8. **Health & Safety** – None
9. **Procurement** – None
10. **Risk** – The Policy is designed to prevent and detect fraud risks.
11. **Privacy Impact** – A Privacy Impact Assessment (PIAs) has been conducted, the report identifies the arrangements in place to minimise and manage the impact of privacy risk.
12. **CoSLA Policy Position** – None
13. **Climate Risk** – None
14. **Childrens' Rights** - None

List of Background Papers

- (a) Background Paper - None

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Renfrewshire Council Counter Fraud and Corruption Policy

November 2024

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Renfrewshire
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1. Introduction

- 1.1. The Counter Fraud and Corruption Policy details the Council's approach to the prevention, detection and prosecution of fraud and corruption, across all Council services .
- 1.2. The public expects the Council to conduct its affairs with integrity, honesty and openness, and demands the highest standard of conduct from those working for and with it. The Council is also expected to safeguard public funds, and to ensure that they are available and used for their intended purpose.
- 1.3. The Council has a commitment to achieving the highest standards of probity, which ensures that the opportunity for fraud and corruption is reduced to the lowest possible risk, with losses minimised.
- 1.4. The Council aims to meet these expectations by having a culture which demonstrates clearly the Council is firmly committed to dealing equally with any fraud and corruption from both inside (elected members and employees) and outside the Council (including service users, members of the public, partners, contractors and suppliers).
- 1.5. The scope of the Policy extends to:
 - Employees
 - Elected members
 - Service users
 - Contractors, agencies and suppliers
 - Other partner organisations where the principals of “following the public pound” would apply, such as organisations that receive funding from the Council, including the voluntary sector and other third-party organisations in which the Council has an interest.

- 1.6. The Policy meets the requirement to have effective arrangements for tackling fraud. The content conforms to professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). It has also taken account of other professional guidance, and relevant legislation such as the Transport Scotland - Blue Badge Code of Practice - 2022 and the Bribery Act 2010.

2. Definition of Fraud and Corruption

- 2.1. Fraud can be described as: ‘An intentional act to deceive or damage another for personal gain’. Some examples of fraudulent behaviour include: theft, collusion, bribery, money laundering, false accounting, counterfeiting, and claiming benefits to which there is no entitlement.
- 2.2. Corruption is described as any unethical behaviour including “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

3. Policy Aims

- 3.1. The aim of the Counter Fraud and Corruption Policy is to:
- Deter
 - Disable
 - Detect
 - Deal with fraud and corruption, primarily against the Council.

3.2. This will be implemented by:

- Encouraging fraud deterrence and prevention
- Undertaking data-matching across Council held information
- Raising awareness of fraud and corruption and promoting its detection
- Providing counter fraud training for employees
- Recommending improvements in working practices to strengthen areas of weakness
- Performing investigations and facilitating recovery
- Administrating sanctions including invoking disciplinary procedures and referral to the Police or Procurator Fiscal
- Monitoring, publicising and updating this policy and its related procedures and performance
- Working in partnership with other appropriate internal/external bodies/personnel.

3.3. The Counter Fraud and Corruption Policy is supported by more detailed policies, standards and procedures and contractual conditions, including:

- Corporate Counter Fraud Plan
- Codes of Conduct for Employees and Members, and supporting policies and guidance
- Disciplinary Policy
- Financial Regulations & Codes
- Anti-Money Laundering Policy
- Whistleblowing Policy
- Standard contract terms and conditions
- Grant conditions of award
- Information Security Policy.

4. Roles and Responsibilities

- 4.1. Everyone has an important role to play in managing the risk of fraud and corruption.
- 4.2. Members and employees are expected to:
 - Abide by relevant codes of conduct, council policies and procedures; including declaration and registration of relevant interests or offer of gifts or hospitality.
 - Lead by example to ensure the Council's risk of fraud and corruption is mitigated as far as possible.
 - Report any suspicion of fraud or corruption.
- 4.3. Senior Officers and Managers are responsible for the communication and adherence of this Policy with their teams and for ensuring that risk management and internal controls are in place to minimise the risk of fraud and corruption.
- 4.4. The Director of Finance and Resources is the Corporate Management Team member responsible for the implementation of this policy.
- 4.5. The Chief Auditor has operational responsibility for the implementation of this Policy.
- 4.6. The Counter Fraud Team, under the direction of the Chief Auditor, will carry out the key tasks required to facilitate the implementation of this policy and be responsible for undertaking investigations of potential fraud against the Council. Where there is an allegation made against an employee which relates to their employment functions, the matter will be investigated by Internal Audit and/or Counter Fraud Officers in accordance with their procedures.
- 4.7. These investigations will be targeted to make best use of the available resources and will be undertaken in accordance with the relevant legislation, policies and procedures.

5. Collaborative Working

- 5.1. On some occasions, fraud investigations will be undertaken in partnership with the Council's Internal Auditors, Council employees or officers from appropriate external organisations such as Police Scotland or Department for Work and Pensions. (DWP).
- 5.2. The Counter Fraud Team will act as the Single Point of Contact (SPOC) for facilitating the supply of information required by DWP officers to undertake Housing Benefit Fraud investigations, in accordance with the terms of the Service Level Agreement between the DWP and the Council. This task will be undertaken with the assistance of the Council's operational services and any other appropriate officers.
- 5.3. The Counter Fraud Team, under the direction of the Chief Auditor; will also undertake a lead role, in co-ordinating and investigating matches identified in bi-annual reports prepared by the National Fraud Initiative.
- 5.4. The Corporate Counter Fraud Team and the Security & Compliance Team will work collaboratively to protect the Council, clients, citizens, and service users. It is important that the Council has a trained, security focused workforce, capable of identifying suspicious communications and requests, and more importantly, know how to react to these. This is vital in creating a comprehensive approach to detecting potential fraud including, but not limited to: online fraud, user account fraud, phishing and ransomware, false invoicing, false IT Service support calls and/or emails.

6. Fraud Referrals

- 6.1. Council Members, officers and members of the public will be encouraged to refer any allegations of non-employee related fraud against the Council to the Counter Fraud Team. Fraud can be reported to: the Counter Fraud mailbox, counterfraudinvestigations@renfrewshire.gov.uk, the online referral form which is available on the Council's Website, or via the hotline at 0300 300 1314. Where allegations relate to employees in their capacity as employees of the Council, the referral should be made to the Chief Auditor.
- 6.2. All referrals will be subject to a scrutiny process to determine if they merit further investigation, referral to partner agencies, or other Council services.
- 6.3. Exercises involving data matching and the analysis of customer data will also be undertaken, in accordance with the relevant legislation and council policies to detect possible fraudulent activities within or against the Council.

7. Conduct of Investigations

- 7.1. Investigations will be conducted in accordance with the current legislative requirements and the relevant policies, procedures, and guidance of the Council.
- 7.2. Counter Fraud Officers as part of the Internal Audit Section have authorised full, free, and unrestricted access to any and all of Renfrewshire Council's records, physical properties, and personnel relevant to carrying out any investigation. All employees are requested to assist the counter fraud activity in fulfilling its roles and responsibilities.
- 7.3. Where all other appropriate means of investigation have been exhausted, surveillance could be considered; the Regulation of Investigatory Powers (Scotland) Act 2000 ("RIPSA") provides a legal framework for covert surveillance by public authorities.
- 7.4. Counter Fraud Officers are authorised enforcement officers; authorised under section 21 of the Chronically Sick and Disabled Act 1970, to inspect blue badges; and to confiscate a badge when it is not being used in accordance with the Act.
- 7.5. Contractors and suppliers must abide by the Council's general terms and conditions and grant recipients must comply with the grant conditions of award. These conditions allow the Internal Audit section to interview personnel and inspect the records of the contractor or grant recipient.
- 7.6. Where appropriate an interview may be conducted under caution.
- 7.7. Members of the Counter Fraud team will make no disclosure of any information held unless this is authorised or there is a legal or professional requirement to do so.

8. Reporting

- 8.1. The recommended actions arising from the outcomes of individual fraud investigations will be agreed upon by the Counter Fraud officers and approved by the Chief Auditor or Assistant Chief Auditor. The outcome will also be reported, where appropriate to the nominated officer of the relevant service.
- 8.2. If the case is considered to be of a serious nature, as the Council is a Specialist Reporting Agency, the case may be referred directly to the Crown Office and Procurator Fiscal Service (COPFS) or to the Police.
- 8.3. Where the named suspect is an employee, the appropriate Director and Head of People and Organisation Development will be informed for consideration of disciplinary proceedings; and if such a case is to be referred to the Police, this will be in agreement with the Chief Executive.
- 8.4. Where the named suspect is an Elected Member, the Head of Corporate Governance (as Monitoring Officer) and the Chief Executive will be informed for consideration of referral to the Police and/or Standards Commission.
- 8.5. Counter Fraud outcome information will be made available to the Director of Finance and Resources and to Members of the Audit, Risk and Scrutiny Board on a quarterly basis.
- 8.6. The Chief Auditor may report direct to the Chief Executive, Board members, or the Council, regarding any matters of concern that could place the Council in a position where the fraud and corruption risks it faces are unacceptable.

9. Communicating Fraud Risks

- 9.1. Publicity and awareness are an integral part of creating an anti-fraud culture. As well as effective prevention and deterrent tools; the Counter Fraud Team is committed to ensuring that awareness levels are as high as they can be across the Council.
- 9.2. The Counter Fraud Team will prepare Council wide communications highlighting the need to be vigilant to the risk of fraud to Council Members, Council employees and members of the public. A Fraud Awareness training course is available on iLearn for all employees and members. Targeted training will also be delivered to members and employees to highlight the risk of fraud.
- 9.3. In areas where fraud has been detected, Internal Audit or Counter Fraud will liaise with the relevant service and work with them to learn from the fraud detected and strengthen their controls to reduce the risk of further fraud.
- 9.4. Where appropriate, the outcomes of investigations may be publicised to further enhance the deterrent effect and reduce the risk of further fraud occurring.

10. Confidentiality

- 10.1. Information relating to counter fraud investigations will be recorded, maintained and processed confidentially and securely by the Counter Fraud Team. Information processed may include manual or electronic records and will be done so in line with the UK General Data Protection Regulation and Renfrewshire Council's Privacy Policy and will be used solely for the investigation and potential prosecution of suspected fraud.

11. Impact Assessment

- 11.1. This policy has been impact assessed in relation to privacy, equality, and human rights in line with the Council's obligation to comply with the UK General Data Protection Regulation, Equality Act 2010, and the Human Rights Act 1998. Fraud investigations, by their nature, require an assessment of the true facts and can involve the collection of personal data and the potential for infringement of individuals' human rights.
- 11.2. Article 8 of the European Convention on Human Rights (ECHR) affords everyone the right to respect for private and family life, including home and correspondence. Although this right is not absolute, any interference must be justified on the basis that it is lawful, necessary to pursue a legitimate aim and proportionate. This means that the interference should not be greater than is necessary to achieve the legitimate aim. Arrangements are in place to manage the impact of privacy risks, including specialist counter fraud training, the Regulation of Investigatory Powers (Scotland) Act 2000, regular training on data protection and human rights legislation, engagement with Legal Services and records management procedures, to ensure that personal data is processed lawfully and proportionately.

12. Approval and Review of Counter Fraud and Corruption Policy

12.1. This policy will be reviewed regularly by the Senior Counter Fraud Investigator, in conjunction with the Chief Auditor and agreed upon by the Director of Finance & Resources.

12.2. Any material amendments will be subject to approval by the Finance, Resources and Customer Services Policy Board.

November 2024



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