



COUNTER FRAUD STRATEGY

The size and nature of the Council's services, as with other large organisations, puts the Council at risk of loss due to fraud, theft or corruption. Management are committed to minimising this risk and at the same time taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside. Refinements to the Council's approach to tackling fraud include a focus on enhancing fraud prevention and detection to improve its resilience to the threat of fraud and corruption.

The Council's strategy, which is based upon the national counter fraud standard CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption' published in December 2014, is built around the following:

Counter fraud and corruption culture

The Council expects its employees and elected members to act within the law and the high standards of integrity, honesty and openness, which are reflected in the Council's Code of Conduct internal codes, rules and procedures. The Council also expects that all outside individuals and organisations, including service users, partners, suppliers, and contractors will act to the same standards.

Plans and policies

Service specific plans, policies, procedures, processes and guidelines must contain detailed information on how to prevent or reduce the Council's vulnerability to fraud, theft or corruption as part of their Service provision to ensure that income is maximised and assets are safeguarded.

The Integrity Group, chaired by the Executive Director Place and supported by the Chief Internal Auditor and the Corporate Fraud team, must oversee the review and update of associated policies, procedures and guidelines across the Council by the responsible owner. The CIPFA Counter Fraud guidance states as a minimum the policy framework should include: Counter Fraud Policy; Whistleblowing Policy; Anti Money Laundering Policy; Anti-Bribery & Corruption Policy; Gifts & Hospitality Policy and register; Conflict of Interest Policy and register; Codes of Conduct and Ethics; Information Security Policy; and Cyber Security Policy.

Deter and detect

The Council will focus on enhanced fraud prevention and detection in accordance with the Scottish Government's cross sector counter fraud strategy 'Protecting Public Resources in Scotland: The strategic approach of fighting fraud, bribery and corruption' launched in June 2015 and measure progress against the CIPFA Counter Fraud Maturity Model.

Management will continuously monitor and review the internal control systems which include financial regulations, scheme of delegation, standing orders, data security, codes of conduct, protocols, practices, guidelines and training, to ensure that fraud prevention and detection procedures are effective and robust, and that risk mitigating actions are in place.

In addition Management will continue to identify those areas, existing or new, which are vulnerable to fraud, theft or corruption and will use a standard assessment method to assess the effectiveness of the controls in place. The Corporate Fraud team will assist Service Managers to make those fraud vulnerability assessments and to carry out annual reviews. The Corporate Fraud Annual Plan will include compliance testing to check the efficacy of internal controls. Service Managers must co-operate with compliance checks and ensure that vulnerabilities within processes are addressed.

A proactive approach to fraud detection will be followed, including enhanced use of techniques such as data matching and intelligence sharing with partner organisations within the provisions of the General Data Protection Regulations. Positive publicity about the successful detection or prevention of a fraud will play a key part in deterring others.

The Council will continue to work with other organisations to manage its fraud risks and share best practice through participation in counter fraud forums at local and national levels. This will include the Scottish Local Authorities Investigators Group (SLAIG) and the NHS's Counter Fraud Service (CFS). There will be further joint working in countering fraud in particular in response to the risks from organised crime which can commit fraud across the public sector, embedding the principles of the "Letting Our Communities Flourish" strategy. The Council will continue to participate in the National Fraud Initiative (NFI) in Scotland as active detection and prosecution of fraudsters is a vital deterrent to others contemplating defrauding the public purse.

Training and awareness

To have effective counter fraud, theft or corruption controls the Council recognises that it must provide awareness and training programmes for counter fraud prevention and detection techniques. General fraud awareness for all members of staff will mainly be done through the use of E Learning modules and will focus on the key message that compliance with Council policies, processes and procedures are designed to keep employees and the organisation safe. More specific training and case studies, based on fraud vulnerability assessments, will be targeted to appropriate Service Managers and their staff.

In its communications with employees and elected members the Council will incorporate the key message that internal control systems to counter fraud, theft or corruption are designed both to safeguard assets and to protect their integrity if challenged.

In the Council's dealings with outside individuals and organisations it will ensure that they are aware of the Council's stance towards tackling fraud, theft or corruption. The Council will encourage the reporting of suspected fraud, theft or corruption through confidential reporting or whistleblowing arrangements to the Corporate Fraud team and reassure those who fear reprisals that it will protect their rights.

Action

All actual or suspected cases of fraud, theft or corruption should be reported to the Corporate Fraud team (anonymously if desired) by email CounterFraud@midlothian.gov.uk or telephone 0131 271 3572 / 3573 or via the Council's website "[Report/ Fraud, corruption and whistleblowing](#)". The Corporate Fraud team will conduct fraud investigations in accordance with legislation and standard operating procedures. The Integrity Group will meet during the course of fraud investigations with the aim to take corrective action, minimise losses and help prevent further frauds.

Investigations

Anyone suspected of fraudulent behaviour will be treated fairly and courteously within the principles of Article 6 and Article 8 of the Human Rights Act 1998. All investigations will be strictly confidential and intelligence or evidence will be gathered to a standard that would be admissible in court and held securely. Investigators will not carry out directed surveillance without proper authorisation as detailed in Regulation of Investigatory Powers (Scotland) Act 2000 and the Council's code of practice.

Where initial investigations identify evidence of criminality, the matter will be reported to Police Scotland and the Council will co-operate fully with any Police investigation.

Where investigations reveal evidence of fraudulent or dishonest behaviour, corrupt practice or theft by a member of staff, appropriate steps will be taken including disciplinary action in accordance with the HR policies.

Steps will also be taken to recover losses resulting from fraud, theft or corruption including the recovery of assets and money, which may involve joint working with public sector partners.

Monitoring and Review

Internal Audit will continue to review the efficacy of counter fraud internal controls put in place by Management and provide independent assurance over fraud risk management, strategy and activities.

The Audit Committee will oversee the adequacy and effectiveness of the Council's systems of internal financial control and framework of internal control through scrutiny of annual reports on the assessment of fraud risks and the monitoring of the counter fraud strategy, actions and resources.

This strategy will be reviewed annually.