

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

COUNTER FRAUD POLICIES AND STANDARDS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To provide the Audit Committee with an appropriate level of assurance that counter fraud arrangements are adequate.
- 1.2 To consider and approve the Counter Fraud Strategy.

2. BACKGROUND INFORMATION

- 2.1 The Counter Fraud Strategy sets out the council's determination to deter, prevent and detect fraud and safeguard its assets. The Strategy is revised periodically to reflect changes in legislation and recommended best practice guidance. This ensures that the council remains at the forefront of the prevention and detection of fraud and corruption.
- 2.2 The Strategy encompasses policies and procedures that collectively help drive down the risk of fraud and provide a framework to investigate instances of potential fraud. Year on year the Strategy has been significantly strengthened and reference is made throughout the document of the council's response to key publications that represent best practice. The Strategy also recognises the changing environment for the public sector and the economic conditions which increase the risk of fraud. It is vital the council's counter fraud arrangements remain strong. Minor amendments (highlighted for ease of reference) have been made to the Strategy (attached as Appendix A).
- 2.3 Supporting policies that underpin the strategy (shown as appendices to the strategy) are updated as necessary. The Committee approved the updated Housing Benefit Prosecution Policy in June and Cabinet approved changes to the RIPA Policy (Regulation of Investigatory Powers Act 2000) in November. The Whistleblowers' Charter has been revised to reflect the provisions of the Enterprise and Regulatory Reform Act in this area. The Act received Royal Assent in April 2013 and addresses many aspects of employment law including a subtle amendment to the protection afforded to Whistleblowers' under the Public Interests Disclosure Act (PIDA). The Enterprise and Regulatory

Reform Act closes a loophole in whistleblowing protections which will only allow individuals to whistleblow in matters of public interest and not purely private matters such as problems with their own individual contract terms. Other minor presentational amendments (highlighted for ease of reference) have also been made (also shown in Appendix A) A council wide communication is planned to remind all members and staff of these counter fraud policies and in particular of individuals' responsibilities to remain vigilant and report suspected instances of fraud.

- 2.4 The Audit Commission's annual report on fraud 'Protecting the Public Purse' was issued in November. Its main messages and the council's response are reported in a separate report elsewhere on this agenda.
- 2.5 Internal Audit continues to focus on the delivery of a programme of proactive counter fraud work, including development activity and promotional work to raise awareness about fraud threats throughout the council, as well as involvement in a number of reactive investigations. The volume of unforeseen and irregularity work is 3.5% lower than last year; 195 days against the allocation set aside in the 2013/14 Audit Plan of 165 days. An update of the counter fraud plan is provided in appendix B.

Proactive work

- 2.6 The council fraud risk assessment and exposure profile have been reviewed and updated. Professional guidance and advice received from CIPFA and the National Fraud Authority (NFA) has been considered and high risk areas (such as social engineering i.e. the manipulation of employees to divulge sensitive information) will be incorporated into the audit plan. Other proactive counter fraud work has included income reviews of Car Plan; Leisure Grants; Regional Growth Fund; Imprest Accounts; Freshstart; Search Fees; Normanby Hall and Waters' Edge Visitors' Centre.
- 2.7 Matches for the 2012/14 National Fraud Initiative (NFI) data matching exercise were returned in January 2013. Fifty seven reports containing 7,079 matches were returned and Internal Audit has started work on their 26 reports (5,368 matches). To date 5,124 matches have been fully investigated with no fraud found however over £4k duplicate invoices have been found. The Housing Benefits Investigation Team are dealing with the remaining 31 reports containing 1,711 matches and to date 557 matches have been investigated and closed with over £58k of fraudulent payments identified. Work will continue on all matches to meet the March 2014 deadline. Given volume of matches from the NFI exercise the level of overpayments is relatively low so far which suggests that internal controls are adequate to reduce the risk of fraud or overpayment.
- 2.8 Promotional work on the council's counter fraud arrangements and warning bulletins issued via the council wide communication network of

potential new or emerging risks of fraud help raise awareness of the council's determination to counter fraud. The counter fraud newsletter 'Fraud Focus' provides an important opportunity to remind staff of counter fraud policies and emerging risks. The latest edition (attached in appendix C) contains a topical article designed to minimise the risk of retail fraud over the busy Christmas and New Year period. A council wide communication will also be sent when the counter fraud strategy is approved and will include a reminder of the obligations placed on the council to ensure employees are aware it's Anti Money Laundering Policy.

Reactive work

- 2.9 In addition to ongoing investigations into cases started in 2012/13 Internal Audit has been made aware of 18 new cases of potential fraud and irregularity so far in 2013/14. These have been investigated by officers within the service or in conjunction with HR colleagues and/or the police. Key themes in the period are similar to the previous quarter and include the following:
- Inappropriate use of internet and mobile phone during working hours
 - Failure to safeguard assets
 - Potential theft of stock
 - Cash / income anomalies
 - Flexi/ timesheet discrepancies
 - Misuse of council data.
- 2.10 A joint investigation with the police into card cloning fraud resulting in 2 custodial sentences was reported to the Committee in January 2013. The case involved external fraudsters that were using council systems to 'test' the cloned cards and the fraud was recognised by the number and pattern of cancelled transactions. The police notified the National Crime Agency and a red alert (an immediate or specific threat) was issued in December warning others of the dangers and threats from this serious organised criminality. The alert also requested further information of activity associated with the false identities used to be forwarded to Humberside Police. The alert is devised with the aim of bringing about preventative or remedial action.
- 2.11 Referrals received via the Whistleblowers' hotline have increased steadily over the last few years:

Year	Referrals received	Spurious calls
2009/10	256	67
2010/11	221	34
2011/12	373	78
2012/13	378	81
2013/14 (to date)	407	176

(high number of spurious calls are due to the hotline number being quoted prominently on HB& CT notification letters – many calls taken relate to entitlement queries)

This would indicate that:

- The facility is properly promoted
- Users feel confident to use it.

Housing Benefit Fraud Work

- 2.12 The benefit fraud team continues to perform well and at the end of November had completed a total of 50 prosecutions and sanctions during the financial year. The bulk of these cases are benefit customers who have failed to declare working or living with their partner however other results include failing to declare capital, not living at the address where housing benefit was in payment, fictitious tenancies and undeclared former employer pensions. So far this financial year £430,000 of overpaid benefits has been identified as a result of ongoing fraud investigations.
- 2.13 The team continues to undertake joint investigations with any other affected party to ensure that the full extent of any criminality is brought before the courts. Although this mainly involves DWP we have undertaken a joint investigation and prosecution with Lincoln City Council and on 29th November had a case listed at Torbay Magistrates Court. The customer having previously lived in Scunthorpe defrauded this council by failing to declare his employment and subsequently moved to the south coast where he repeated the process by failing to declare his work to Torbay council and the DWP thereby defrauding them. On that case we have worked with DWP and Torbay Council and the CPS has agreed to prosecute that matter on behalf of everyone. The Council has secured some very good publicity in the local press for its benefit investigations, most recently in November 2013 after it successfully prosecuted a Scunthorpe woman who had defrauded the Council and DWP of a combined £53,000 over a period of 5 years. The fraud was identified by a pro-active data matching exercise where we matched Single Resident Discount cases via credit reference data and then matched the results against benefit records to identify discrepancies. After a lengthy evidence gathering process we were able to prove that the customer had been living with her partner for 5 years, she eventually pleaded guilty at Grimsby Crown Court and was sentenced to 18 weeks imprisonment. The council will continue to seek recovery of the money although it will take many years to collect.
- 2.14 In 2010, as part of its welfare reform program, the government announced that it intended to create a Single Fraud Investigation Service (SFIS) by merging the DWP, HMRC and Local Authority benefit fraud teams. In September 2013 the DWP wrote to all councils to advise them that after conducting several pilots it was

recommending to ministers that the new Single Fraud Service be part of their organisation and that phased implementation began in 2014/15. It is currently liaising with ministers and HM Treasury and hopes to make further announcements in due course including the TUPE implications for councils benefit fraud investigation teams. Therefore if the government adopts the DWP recommendations it is likely that the council may see its fraud team transfer to DWP at some future date although the council will need to retain an investigative resource to ensure Council Tax Reduction fraud is investigated. Members will be updated when further information is provided by DWP.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Committee is asked to consider whether the Counter Fraud Strategy will continue to provide sufficient assurance on the council's counter fraud arrangements in 2013/14 and 2014/15. Members are also asked to consider whether regular reports on proactive and reactive fraud work (similar to those shown in appendix B) will provide sufficient assurance on the adequacy of counter fraud arrangements.

4. ANALYSIS OF OPTIONS

- 4.1 The Counter Fraud Strategy complies with statutory requirements and professional guidance available and is designed to provide this Committee with the assurance required. The updates on counter fraud work carried out are designed to provide this Committee with the assurance required to fulfil its role effectively.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY. IT)

- 5.1 Regular reviews of counter fraud arrangements should safeguard the council's assets and ensure that value for money is achieved in the use of resources. Minor costs associated with the telephone and publicity for the Hotline will continue to be maintained within the Finance Service budget.
- 5.2 An effective Counter Fraud Strategy demonstrates the council has appropriate arrangements in place to support the Annual Governance Statement and to promote good corporate governance.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 An Integrated Impact Assessment is not required.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 The Counter Fraud Strategy has been revised in consultation with relevant staff from Finance, Human Resources and Legal and Democratic Services to ensure compliance with relevant legislation and council procedures.
- 7.2 There are no conflicts of interests to declare.

8. RECOMMENDATIONS

- 8.1 That the Audit Committee considers:
- The assurance provided by the progress report on the adequacy of counter fraud arrangements, and
 - Whether the counter fraud work programme delivers a sufficient level of assurance on the adequacy of counter fraud arrangements.
- 8.2 That the Audit Committee approves the Counter Fraud Strategy.

DIRECTOR OF POLICY AND RESOURCES

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Background Papers used in the preparation of this report :

Managing the Risk of Fraud - CIPFA
Fighting Fraud Locally – National Fraud Authority
Protecting the Public Purse – Audit Commission



Counter Fraud Strategy



www.northlincs.gov.uk

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Counter Fraud Strategy

Counter Fraud Strategy

1. Introduction

- 1.1 The public are entitled to expect the council to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for and with it. They also expect that the council will safeguard public funds and ensure that they are available and used for their intended purpose that of providing services for the citizens and service users of North Lincolnshire Council.
- 1.2 The Counter Fraud Strategy ('the Strategy') outlines the council's commitment to meeting these expectations by creating a culture of zero tolerance of fraud, theft and corruption and maintaining high ethical standards in its administration of public funds. This strategy also contributes to the achievement of the council's vision of 'A dynamic, high performing, customer focused council, giving the best possible value for money and changing outcomes for all people living and working in the area.'
- 1.3 Specifically the council will ensure probity in local administration and governance by making sure that the opportunity for fraud, theft and corruption is reduced to the lowest possible risk with losses minimised and also taking positive action against all forms of fraud.

2. Purpose

- 2.1 As with other large organisations, the size and diverse nature of our services puts us at risk to loss due to fraud both from within the council and outside it. The public sector has experienced significant change in resources, structure, service delivery and responsibilities, for example the transfer of Public Health Services to local authorities from 1st April 2013. Fraud is estimated to cost the UK economy £73bn each year with £20.3bn being suffered by the public sector. It is also recognised that during periods of recession the risk of fraud is further increased.
- 2.2 This Strategy sets out the council's approach in preventing and deterring fraud and the underpinning policies demonstrate how fraud once suspected or detected is reported and investigated and the sanctions and recovery that can be applied.
- 2.3 The Strategy meets the legislative 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) and the Association of Local Authority Risk Managers (ALARM)¹. It has also taken account of the National Fraud

¹ including - Managing the Risk of Fraud, Protecting the Public Purse, Code of Practice for Internal Audit in Local Government, Public Sector Internal Audit Standards.

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Authority's Fraud Strategy, **other professional guidance**, and relevant legislation such as the Bribery Act 2010.

- 2.4 There are several definitions of fraud because of the many ways that it can be committed. However in the widest sense it is

'An intentional act to deceive or damage another for personal gain'.

- 2.5 There are many types of fraud that can be committed and fraud is ever evolving. Some examples are theft, collusion, bribery, money laundering, and false accounting, counterfeiting, and claiming benefits to which there is no entitlement.
- 2.6 It is also important to point out that fraud can also be committed in person, via correspondence such as emails or via the internet, highlighting how fraudsters can use other forms of media to carry out their deception and do not need face to face contact in order to do so.

3. Scope

- 3.1 This Strategy applies to all cases of suspected or detected instances of fraud both internally and externally. It also defines preventative measures taken to mitigate the risk of fraud occurring.
- 3.2 The scope of the Strategy extends to:
- Staff and elected members
 - Contractors, agencies and suppliers
 - Partners and other third parties including the voluntary sector who receive funding or support from, or deliver services on behalf of, the council
 - Service users
 - Staff and committee members of organisations funded by the council.

4. Linkages with other policies and procedures

- 4.1 This Strategy is supported by more detailed policies standards and procedures. These include:
- Whistleblowers' Charter
 - Fraud Response Plan
 - Internal Investigation and Prosecution policy
 - Surveillance Policy
 - Housing Benefit Fraud Prosecution Policy
 - Anti Money Laundering Policy
 - Bribery Act Reporting Policy.

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4.2 The counter fraud framework consists of strategies, policies and functions that enable the council to have effective counter fraud arrangements. Some of the key ones are:

- Code of Corporate Governance
- The Constitution including Contract Procedure Rules and Financial Regulations
- Finance Manual, and Procurement Manual
- Human Resources policies, particularly recruitment and selection, disciplinary induction and training
- Codes of conduct for councillors and officers, incorporating registers of interests and a Gift and Hospitality Code of Practice
- Risk Management Strategy
- IT Security Policy.

5. Managing the risk of fraud

5.1 Everyone has an important role to play in managing the risk of fraud. All Members and employees of the council are expected to

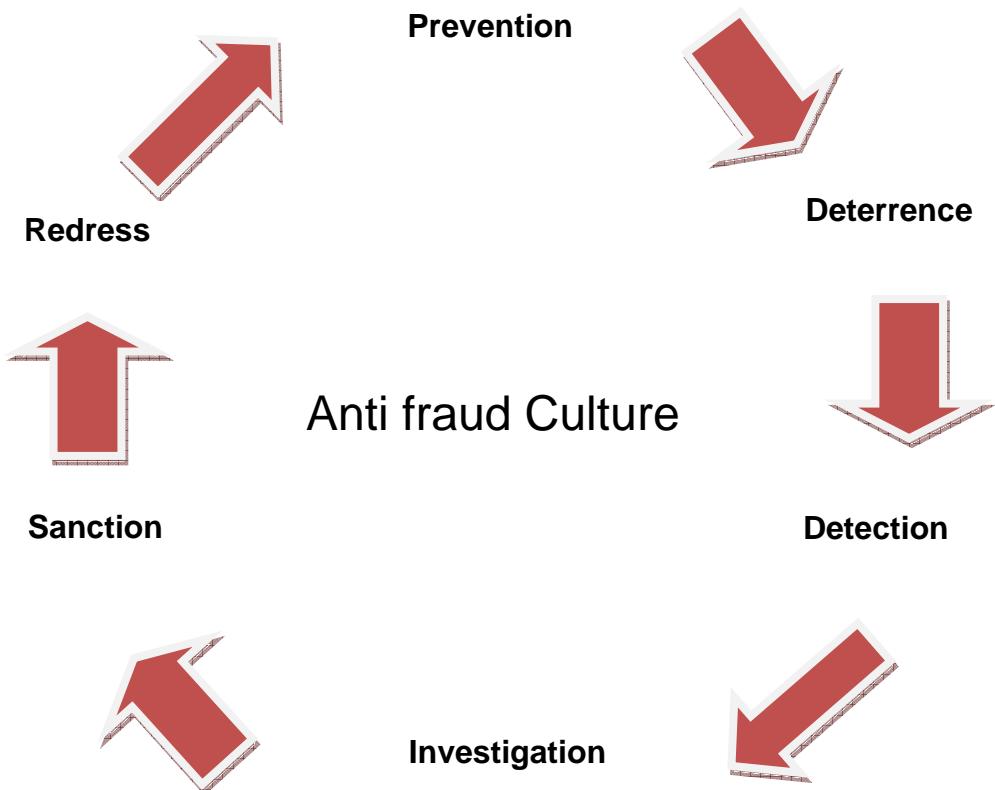
- Abide by relevant codes of conduct, council policies and procedures; including declaration and registration of relevant interests or offer of gifts or hospitality.
- Lead by example to ensure the council's zero tolerance approach to fraud is achieved.
- Report any suspicion of fraud.

All suspicions of fraud should be reported using the mechanisms described in the Whistleblowers' Charter. This includes a fraud hotline (01724 296666) and email Hotline@northlincs.gov.uk and online form for the confidential reporting by staff or members of the public of irregularities. The council also has a benefit fraud hotline (01724 296137/8), to allow members of the public to report concerns about individuals who are suspected of abusing the benefits system.

5.2 The Audit Committee are responsible for ensuring the risk of fraud is adequately managed. This includes approving this Strategy, receiving regular reports from Internal Audit on counter fraud activities, and reports from External Audit. These sources provide assurance to the Audit Committee that the risk of fraud is being minimised.

5.3 The council is determined to create an anti fraud culture and is achieved by adopting the approach shown in the diagram overleaf.

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- 5.4 The risk of fraud is reduced by:
- **Identifying high risk areas**
Internal Audit maintains a fraud risk assessment and exposure profile which informs the audit plan of reviews each year. Professional guidance on new or emerging risks is also considered.
 - **Implementing systems of internal control**
Managers are responsible for implementing and maintaining effective controls in the systems for which they are responsible, and for deterring, preventing and detecting fraud. They must also monitor compliance with any policies and procedures for which they are responsible.
- 5.5 Internal Audit is responsible for providing assurance to managers and the council on the effectiveness of control systems and will provide advice and support in the design of new systems and procedures. Audit work is planned to ensure controls over areas identified at a high risk of fraud are effective and auditors will be alert to the risk of fraud in their work. A programme of proactive anti-fraud work will also be undertaken in each year including:
- Maintaining a current fraud risk assessment and exposure profile and carrying out associated audits of high risk areas to mitigate the risk.
 - Evaluating policies and procedures in place to counter fraud and assist others in raising awareness of fraud and irregularity when it occurs.
 - Advice on new and changing systems to ‘design out’ any potential for fraud and irregularity.

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- Council wide communications advising on risks encountered and regular newsletters highlighting issues for staff and the citizens of North Lincolnshire and reminding everyone to be vigilant to the risk of fraud.
- 5.6 Publicity and awareness are an integral part of creating an anti fraud culture, as well as effective prevention and deterrent tools. As such the council is committed to ensuring that awareness levels are as high as they can be across the council. The Strategy is widely available on both the intralinc and the internet, and summary materials are provided in the form of council wide communications. A survey approach is used to determine levels of awareness and issue further publicity material when required. In addition the outcomes of specific risks and investigations are publicised where appropriate to further enhance the deterrent effect and reduce the risk of further fraud occurring.

6. Prevention and deterrence

- 6.1 Fraud can be costly to any organisation, both in terms of reputational risk and financial losses. The council is determined to prevent fraud from occurring wherever possible through effective systems of internal control and combining with others to prevent and combat fraud.

Internal Control Systems

- 6.2 The Director of Policy and Resources has a statutory responsibility under Section 151 of the Local Government Act 1972, to ensure proper arrangements are made for the council's financial affairs. In addition, under the Accounts and Audit Regulations 2011, as the 'responsible financial officer' he is required to determine the accounting control systems which shall include:

"measures to enable the prevention and detection of inaccuracies and fraud,"

"identification of the duties of officers dealing with financial transactions and the division of responsibilities of those officers in relation to significant transactions."

- 6.3 The council has well established policies, procedures and processes which incorporate efficient and effective internal controls to safeguard the council's resources. Managers are responsible for ensuring there is adequate and effective internal control to reduce the risk of fraud e.g. accurate records are kept and preserved, a management/audit trail is maintained, appropriate segregation of duties and management checks. The existence, appropriateness, and effectiveness of these internal controls is independently monitored and reported upon by the council's Internal Audit Service and reviewed by the Director Policy and Resources.

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- 6.4 Specific policies such as the [Anti Money Laundering Policy](#) are designed to prevent fraudsters laundering the proceeds of crime through the council by placing limits on the amounts of cash that will be accepted and specifying the checks that will be made when high cash values are received.
- 6.5 A key preventative measure against fraud, theft and corruption is at the recruitment stage by establishing, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard, temporary employees and casual workers should be treated in the same manner as permanent employees, and all recruitment carried out in accordance with council policy.

Combining with others to prevent fraud

- 6.6 Successfully working with other agencies to combat fraud is a key trigger to the development of the National Fraud Authority (NFA) and is emphasised in their national strategy 'Fighting Fraud Together' and public sector guidance 'Fighting Fraud Locally'.
- 6.7 The council is committed to co-operating with other organisations, including the police, to prevent fraud. There are a variety of arrangements in place, which facilitate the regular exchange of information between the council and other organisations for the purpose of preventing and detecting fraud. These involve national, regional and local networks of investigators such as internal auditors, trading standards officers, housing benefits investigators etc.
- 6.8 The council is a member of the National Anti-Fraud Network (NAFN) which facilitates intelligence gathering, collation and dissemination on fraud and corruption issues. Professional advice provided through CIPFA membership is also utilised.
- 6.9 The council widely publicises its zero tolerance approach to fraud e.g. statements in contracts, on claim forms, and in publicity literature to deter fraud. Action taken against proven fraudsters is also publicised whenever possible to demonstrate the council's determination to take decisive action, seek full recovery and serve as a deterrent to others.

7. Detecting and investigating fraud

- 7.1 It is the responsibility of, the Council Management Team (CMT), Directors, senior officers and managers to maintain good control systems and ensure that all employees comply with these systems. These controls should allow for the prompt detection of anomalies which, if fraudulent, would be referred to Internal Audit to investigate.
- 7.2 Internal Audit has a planned programme to undertake a cyclical programme of audits to test the adequacy of counter fraud measures,

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based on a risk assessment model that is updated periodically. Data matching and analytical review techniques are also undertaken. This is recognised as an important tool in the prevention and detection of fraud, and is used by many other public bodies. The council participates in the National Fraud Initiative (NFI), which is a national data matching exercise between systems and across a range of bodies to detect and correct any consequential under or over payments to the public purse. Internal Audit also matches data between council systems as part of their counter fraud work.

- 7.3 Despite the best efforts of managers and auditors to detect fraud through the operation and review of internal controls, some frauds are discovered by chance or "tip off", either through the alertness of staff or from a member of the public. In such cases there is a requirement within the council's Financial Regulations for staff to:
- Report actual or suspected instances of fraud or money laundering to Internal Audit.
 - Report findings to the police **only** when advised to do so by Internal Audit.
- 7.4 The council's confidential reporting procedure ([Whistleblowers' Charter](#)) provides a clear path for individuals to raise concerns of malpractice in any aspects of the council's work, without the fear of recrimination or victimisation. The Charter is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded certain rights through legislation (Public Interest Disclosure Act 1998). The action to be taken when there is suspicion of fraud, bribery or money laundering is set out in the [Fraud Response Plan, the Anti Money Laundering Policy and Bribery Act Reporting Policy](#).
- 7.5 Reporting suspected irregularities is essential and ensures:
- Consistent treatment of information regarding fraud and corruption,
 - The Fraud Response plan is carried out properly,
 - Investigation by an independent and experienced audit team, and engagement of all relevant parties,
 - The interests of the council are protected, and
 - Internal control implications are considered.
- 7.6 The Head of Audit, Risk and Insurance will work with Service Directors and specifically the Director of Policy and Resources to decide on the type and course of the investigation. This will include referring cases to the police where necessary and in consultation with the Head of Audit, Risk and Insurance. Internal Audit has developed a protocol, which covers when referrals are to be made, how they will be managed and the role the two parties will play in the investigation. All investigations will be carried out in accordance with the Fraud Response Plan and in conjunction with Human Resources and Legal as appropriate. Cases of

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benefit fraud are covered by the [Benefit Fraud Prosecution Policy](#). The council will ensure management action is always taken and may prosecute offenders, after carrying out disciplinary procedures where appropriate. Any internal proceedings do not prejudice a criminal case.

7.7 Internal Audit has experienced staff, to undertake fraud investigations. All allegations of fraudulent activity are reviewed and subject to a risk assessment. In all cases control issues will be reviewed and weaknesses identified. Some cases are followed up with a full investigation, in line with the [Investigation and Prosecution policy](#) others are better dealt with as management issues. Where appropriate departments shall:

- Report allegations swiftly
- Record all evidence received
- Ensure that evidence is sound and adequately supported
- Secure all evidence collected
- Where appropriate, contact other agencies, e.g. police (via Internal Audit), DWP
- Report to senior management, and where appropriate, support the council's disciplinary procedures

7.8 Where surveillance is required as part of an investigation appropriate authorisation is required. The [Surveillance Policy](#) signposts to the relevant legislation under which the surveillance should be documented and authorised. Applications for surveillance in potentially criminal cases are made in accordance with the Regulation of Investigatory Powers Act as set out in the council's [RIPA Policy](#) and are now subject to approval by the Magistrates Court.

7.9 The council's external auditors also have powers to independently investigate fraud and corruption.

8 Sanction and recovery action

8.1 In all cases of proven fraud or corruption appropriate disciplinary, prosecution and recovery action will be taken. Application of sanctions promotes the council's 'zero tolerance' of fraud, and also acts as a deterrent to others to commit fraud.

8.2 Where allegations are substantiated an employee will be subject to the council's disciplinary procedures. These could range from management counseling and warnings to dismissal in the most serious cases. Referral to the police will not necessarily prohibit action under the disciplinary procedure. In most cases disciplinary action will be concluded prior to referral to the police.

8.3 Cases that are referred to the police could result in cautions, prohibition orders and ultimately custodial sentences for the most serious offences. Criminal prosecution may be sought for serious housing

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benefits cases and other sanctions of cautions and administrative penalties may also be applied.

9. Training

- 9.1 The council recognises that the success and credibility of its Counter Fraud Strategy will depend largely on how effectively it is communicated throughout the organisation and beyond. To this end, details of the Strategy have been provided to all Members and all employees and have been included on induction programmes. A booklet has been designed for this purpose.
- 9.2 The council will provide relevant training to managers with responsibility for internal control systems, and encourages managers to contact Internal Audit when changes to systems and procedures which could affect internal controls are proposed. Breaches of procedure and misconduct will be dealt with seriously. If appropriate, disciplinary action may be taken.
- 9.3 Officers who are involved in investigating fraud and corruption will be provided with suitable training.
- 9.4 Internal Audit raises fraud awareness, both in relation to this Strategy and to give guidance on fraud prevention and detection. Fraud related issues will be publicised periodically with details of the outcomes of some of its investigations. These newsletters are also displayed on the Intranet.
- 9.5 It is the responsibility of Directors and service managers to communicate the Counter Fraud Strategy to their staff and to promote a greater awareness of fraud within their departments.

10 Review and monitoring effectiveness

- 10.1 The current version of this Strategy can be found on intralinc and the council website along with supporting information and procedures. The Strategy and all supporting procedures will be reviewed as it is deemed appropriate but less frequently than every 12 months.
- 10.2 Counter fraud arrangements will be evaluated through the implementation of the Strategy and through the outcome of audit work identified in the counter fraud audit plan. Progress will be monitored by the Audit Committee and be reported as part of the Annual Governance Statement.

WHISTLEBLOWERS' CHARTER

Introduction

Employees are often the first to realise that there may be something wrong within the council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. The Public Interest Disclosure Act 1998 provides statutory protection to employees making disclosures and the Council extends the principles of the Act into this charter give employees, councillors, governors, partners, service users and citizens the same route to raise concerns.

The council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, employees, members of the public and other interested parties are encouraged to voice those concerns. The charter encourages and enables concerns to be raised within the council on a confidential basis and without fear of reprisals.

This Whistleblowing Charter is intended to encourage and enable staff to raise concerns within the council rather than overlooking a problem or reporting it outside the council. This policy has been discussed with the relevant Trade Unions and professional organisations and has their support.

Aims

- To ensure staff that they are afforded protection from reprisals and victimisation for raising a concern
- To set out an approach for raising concerns in a confidential manner with line managers in the first instance or to Internal Audit directly or via the hotline or email facility
- Inform staff on how to take the matter further if they are dissatisfied with the response

Safeguards

The Whistleblowers' Charter contains a number of safeguards, based on the **Public Interest Disclosure Act 1998**, which gives statutory protection, within defined parameters, to employees who make disclosures, which they believe to be happening within the authority employing them. The Enterprise and Regulatory Reform Act, given Royal assent in April 2013, provided some minor change to the defined parameters,

Protections are afforded the employee when they report a concern, provided they believe their claim **is in the public interest** and the concern is made in good faith which means that the employee believes it to be substantially true,

is not making a false or malicious allegation and is not seeking to gain personally from raising the concern.

Specifically the following protections are afforded

- **Harassment or victimisation.** The council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The council will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern in good faith. This does not mean that if a member of staff is already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of their whistleblowing.
- **Confidentiality.** The council will do its best to protect your identity if you raise a concern and do not want your name disclosed.
- **Anonymous concerns.** Concerns can be made anonymously, however it should be noted that such cases can be more difficult to investigate, and the various safeguards in this policy ensure repercussions of raising a report will not be met by harassment or victimisation
- **Untrue Allegations.** No action will be taken against whistleblowers if allegations are made in good faith. However, malicious or unfounded allegations may result in disciplinary action taken against the whistleblower.

What to report

There are existing procedures in place to enable staff to lodge a grievance relating to their own employment, this can be found in the Human Resources manuals. This charter is intended to cover concerns which may be about activities that are -

- Fraudulent
- Unlawful
- Against council's procedures or policies
- Below established standards or practices
- Result in waste or loss to the council
- Demonstrate improper conduct

Examples include;

- Theft of assets
- Inappropriately claiming benefits or allowances
- Avoiding payment for services
- Not following any council procedures and codes, these include the Financial procedures such as the Finance Manual and the Contract Procedure Rules, Human Resources policies such as flexi time and

sickness policy, and governance procedures such as the gifts and hospitality policy

Raising a concern

This depends primarily on the nature of the concern, this policy relates to all concerns but there are certain issues which should be brought to the attention of specialist officers. Specifically if the concern is regarding the safety of a child or a vulnerable adult then immediate contact should be made with the child protection team on 01724 296500 (24 hour line) or via email at childprotectionteam.shs@northlincs.gov.uk or the vulnerable adult team on 01724 297979 or 01724 298160 (24 hour line). If the concern relates to suspected terrorism immediate contact should be made with the police on 0845 6060222

In all other cases employees should bring the matter to their line manager, and be able to speak in confidence to this person. If that person is involved, they should approach the next level of management, again confidence should be ensured. Either manager should be able to deal with the issue directly and make the appropriate referral to Internal Audit if the concern is of a fraudulent nature.

If the employee does not feel able to raise the concern with management they can contact Internal Audit in a number of ways,

- In writing by email (hotline@northlincs.gov.uk) or letter (to the Civic Centre, Ashby Road, Scunthorpe)
- Directly by phone (01724 29666), a dedicated hotline is available which is manned throughout the day, an answer phone facility is available outside office hours

Trained Internal Audit staff deal with all correspondence and phone calls. The council has appropriate procedures to receive and to investigate all concerns / allegations which should be followed. However, if you feel unable to talk to anyone within the council under the terms of the Public Interest Disclosure Act 1998, you may contact the Audit Commission (1st Floor Millbank Tower Millbank London SW1P 4HQ Tel: 0844 798 3131 www.audit-commission.gov.uk/about-us/contact-us/whistleblowing) or Public Concern at Work, (Tel 020 7404 6609 or e-mail whistle@pcaw.org.uk). Public Concern at Work is an independent charity providing free advice for persons who wish to express concern about fraud and other serious malpractice in the workplace.

The earlier a concern is raised, the easier it is to take action.

How managers will deal with a concern

As a manager you should become familiar with this charter and the investigation and prosecution policy so that the appropriate support can be

offered to employees raising a concern, and any necessary referrals can be made to Internal Audit.

Managers should;

- Be responsive to concerns and encourage staff to voice any reasonably held concerns as part of supporting the council's zero tolerance of fraud culture. Concerns should be taken seriously and treated with confidence.
- Note all relevant details obtain as much detail as possible from the reporting employee, note any evidence or documents that may support the concern. However you must not try and investigate the matter yourself, approach or accuse any individuals directly or contact the police
- Evaluate the concern objectively and determine whether further action is required, in cases of suspected fraud contact Internal Audit as soon as possible before proceeding any further.
- Support the employee and reiterate the safeguards that are included in this policy.

If in doubt speak to Internal Audit who can advise how best to manage a concern raised in accordance with this charter.

How the concern will be dealt with by Internal Audit

All Information received is considered. The resulting action taken by the council will depend on the nature of the concern. The matters raised may:

- be investigated internally by Internal Audit and/or Human Resources
- be referred to the Police

Prior to an investigation initial enquiries will be conducted to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of other, existing procedures (eg child protection or discrimination issues) will normally be referred for consideration under those procedures. Some concerns may be resolved by agreed action without the need for investigation.

Unless the complainant has not provided a name or contact, within ten working days of a concern being received, the council will write to the complainant:

- acknowledging that the concern has been received
- indicating how it proposes to deal with the matter
- giving an estimate of how long it will take to provide a final response
- telling them whether any initial enquiries have been made

- telling them whether further investigations will take place, and if not, why not

If the matter proceeds to investigation it will be carried out in accordance with the investigation and prosecution policy which is available on the Intralinc.

Outcome of Investigations

Once the investigation has been concluded, the employee may receive information on the outcome subject to legal constraints.

The Responsible Officer

The **Director of Policy and Resources** has overall responsibility for the maintenance and operation of this policy. Internal Audit maintain a record of concerns raised and the outcomes (but in a form which does not endanger confidentiality) and will report in summary form as necessary to the council/Audit Committee.

Appendix 2

FRAUD RESPONSE PLAN

Introduction

This Fraud Response Plan reinforces the council's zero tolerance of fraud by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud or corruption. It also outlines how the council will deal with such complaints.

What Do We Want To Know About?

This Plan is intended to be implemented where suspicions of fraud, theft or corruption have been raised.

Fraudulent or corrupt acts may include:

Systems Issues - i.e. where a process/system exists which could be at risk to abuse by either employees or public for personal gain (e.g. Planning Applications)

Financial Issues - i.e. where individuals or companies have fraudulently obtained money from the council (e.g. invalid invoices/work not done, Housing Benefit fraud, or where criminal gains are being laundered through the council. See the Anti Money Laundering Policy)

Equipment Issues - i.e. where council equipment or assets are used for personal use, (e.g. personal use of council vehicles or misuse of the internet)

Resource Issues - i.e. where there is a misuse of resources (eg theft of stock items)

Other Issues - i.e. activities undertaken by officers of the council which may be:

- unlawful
- against the council's Contract Procedure Rules or policies
- falls below established standards or practices
- amounts to improper conduct (e.g. receiving hospitality in exchange for preferential treatment)

This is not an exhaustive list. If you are in any doubt about the seriousness of your concern, advice and guidance can be obtained from Internal Audit on 01724 296666

What Should An Employee Do If They Suspect Fraud Or Corruption?

Employees are often the first to realise that there is something seriously wrong within the council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The council's Whistleblowers' Charter is intended to encourage and enable staff to raise serious concerns within the council rather than overlooking a problem or blowing the whistle to the media or other external bodies. This policy has been discussed with the relevant Trade Unions and professional organisations and has their support.

A full copy of the Whistleblowers Charter can be seen at Appendix 1 and is available from the website.

In essence, employees should approach the relevant Service Manager, who, if they find the claim to be substantiated, will inform the Service Director and the Head of Audit, Risk and Insurance. It is also possible to contact Internal Audit directly, if necessary. The nature of the complaint will determine the council's course of action.

Internal Audit can be contacted by completing the internet on-line reporting facility or by emailing Hotline@Northlincs.gov.uk or by phone on 01724 296666, or by writing to the Head of Audit, Risk and Insurance, Civic Centre, Ashby Road Scunthorpe.

What Should A Member Of The Public, Contractor, Supplier or Partner Do If They Suspect Fraud Or Corruption?

The council encourages all members of the public, and those who deal with the council such as suppliers, contractors and partners who suspect fraud, theft or corruption to contact the Chief Executive, Service Director, or Internal Audit Section in the first instance.

Internal Audit Section is a unit, which operates independently of all other council services, whose work includes establishing procedures with the following aims:

- To develop an anti-fraud culture
- To deter, prevent, detect and investigate fraud, theft and corruption
- To see appropriate action against those who commit or seek to commit some sort of fraud, theft or corruption
- To seek appropriate recovery and/or obtain compensation in respect of any losses to the council

The possible courses of action taken by the council are outlined in the sanctions policy, but to summarise, these include, internal disciplinary action, referral to the police for criminal investigation and prosecution, and civil prosecution. In all events the council will seek to minimise losses and recover them where possible.

Internal Audit can be contacted by completing **the internet on-line reporting facility**, by email on Hotline@Northlincs.gov.uk or by phone on 01724 296666, or by writing to the Head of Audit, Risk and Insurance, Civic Centre , Ashby Road Scunthorpe

How Will Allegations Of Fraud, Theft Or Corruption Be Dealt With By The council?

For issues raised by employees or members of the public, the action taken by the council will depend on the nature of the concern. The matters raised may:

- be investigated internally (in accordance with the investigation and prosecution policy – App 3)
- be referred to the Police

The council accepts that those people who reported the alleged fraud theft or corruption need to be assured that the matter has been properly addressed. Therefore, subject to legal constraints, and where it is appropriate to do so we will acknowledge that the concern has been received, and that the action has been taken.

Alternative Methods For Raising Concerns

The policy is intended to provide the means to raise concerns within the council. However if either a member of the public or an employee feel it is right to take the matter outside these processes, the following are possible ways forward:

- **your local Councillor** – if you live within the North Lincolnshire boundary, your Councillor can be contacted at through the Local Link offices, Civic Centre reception, or at their regular surgery in your area. If you are unsure how to contact them, call the council on 01724 296296.
- **the External Auditors** – who are the organisation appointed to scrutinise the council's finances and performance. By law, they must be completely independent from the council.
- **your Trade Union** – employees may invite their Trade Union to raise a matter on their behalf.
- **the Local Government Ombudsman** – this is an independent body set up by the Government to deal with complaints against councils in the United Kingdom.
- **Public Concern at Work** – this is a charity which provides free and strictly confidential legal help to anyone concerned about a malpractice which threatens the public interest. They operate a helpline on 0171 404 6609 or can be e-mailed at whistle@pcaw.demon.co.uk.

Appendix 3

INTERNAL INVESTIGATION AND PROSECUTION POLICY

Introduction

North Lincolnshire council is committed to the values of probity and accountability, but the determined perpetrator can sometimes find a way round systems and procedures. It is therefore necessary for all managers to be aware of what is required in the event of being notified of a suspected fraud.

The whistleblowers charter (App 1) and the Fraud Response Plan (App 2) set out what concerns should be reported and the various methods for raising a concern. This policy sets out how council officers should respond when a concern is raised, and the sanctions an investigation to lead to.

Investigating Suspected Fraud

Once fraud is suspected it is critical that any investigation is conducted in a professional manner aimed at ensuring that the council, the individual raising the concern and the suspected individual are protected. The latter is equally important, as a suspicion should not be seen as guilt to be proved.

It is crucial that the notifying employee does not feel threatened. The council undertakes to protect the identity of such employees wherever possible in accordance with the Whistleblowers charter. However cases resulting in disciplinary or criminal action may necessitate the corroboration of witnesses in order to proceed.

In addition other sensitive activities such as surveillance will also be authorised. Surveillance which is governed by legislation can be of an employee for disciplinary proceedings (covered by the Surveillance Procedure used in the course of disciplinary cases) or of an employee, contractor or member of the public for criminal proceedings (covered by the Regulation of Investigatory Powers Act policy)

For each notified suspicion an investigating officer will be appointed, to carry out the investigation. Advice on personnel matters, such as precautionary suspension and disciplinary procedures, will be provided by the service's Human Resources staff under the council's disciplinary policy.

In accordance with the Internal Audit manual, procedures the investigating officer must:

- Initially assess, in consultation with the Human Resources section, whether there is a need for any employee to be suspended. The decision should be kept under review at all stages of the investigation.

- Identify a course of action, to substantiate or refute a concern raised.
- Gather the necessary evidence
- Liaise, particularly at the end of the investigation, with Human Resources and the police to ensure the appropriate sanction is applied and sums lost are recovered

Conclusion of the investigation

If an investigation concludes that there is a case to answer action will be taken under the Human Resources disciplinary policy and may also be referred to the police for a criminal investigation, following authorisation by the Head of Audit, Risk and Insurance.

Internal Audit will provide a full report. The format of the final audit report will not always be the same as each case is unique, but will frequently set out:

- How the investigation arose
- Who the suspects are
- Their position in the council and their responsibilities
- How the investigation was undertaken
- The facts and evidence which were identified
- Summary of findings, including a financial estimate of potential losses incurred and recommendations, both regarding the fraud itself and any recommendations to improve internal controls to reduce the risk of fraud.

Internal audit work closely with Human Resources and there is a protocol on the investigation of fraud related cases and a police referral protocol.

Appendix 4

SURVEILLANCE POLICY

As part of our response to allegations of fraud, theft and corruption, or Human Resource led disciplinary action, it may be necessary to carry out surveillance in the course of the investigation. This is permitted provided that it is reasonable, necessary and proportionate and that it is appropriately authorised.

Surveillance can be obtained directly through observation, or via mechanical means for example, CCTV, alarm systems and electronic communications such as email, provided that it complies with the Data Protection Act

The type of allegation will determine initially, how the authorisation should be obtained. The distinction provided by the Surveillance Commissioners is that,

- Surveillance necessary for internal disciplinary action needs to be appropriate and compliant with the Human Rights Act.
- Surveillance necessary for the prevention and detection of crime is covered under the Regulation of Investigatory Powers Act (RIPA)

Where it is determined that surveillance is necessary as part of any investigation the investigating officer will determine under which legislation the surveillance is governed. Where surveillance is required for disciplinary purposes authorisation will be sought from the Head of Audit, Risk and Insurance or nominated deputy for Internal Audit led cases and the Assistant Director Human Resources or nominated deputy for Human resources led cases. These authorising officers will be able to provide the necessary documents and provide support and advice on their completion.

Where surveillance is required under RIPA it must comply with the council's RIPA Policy and further guidance is available from Lisa Kershaw (Principal Solicitor).

Housing Benefit, Council Tax Benefit and Council Tax Reduction Scheme Prosecution Policy

North Lincolnshire Council recognises the drain that fraud places on public funds and as such is committed to tackling fraud committed against Housing Benefit, Council Tax Benefit and the Council Tax Reduction Scheme.

This document sets out the council's policy on the further action that can be taken following an investigation when it has been established that housing benefit, council tax benefit and / or council tax reduction has been fraudulently obtained or an attempt has been made to obtain these benefits fraudulently.

OPTIONS AVAILABLE

After an investigation has been concluded if the evidence demonstrates that fraud has been established 'beyond doubt' and the case is considered serious enough to warrant further action, the council has three options: -

1. To prosecute
2. To offer a formal caution
3. To offer an Administrative Penalty (HB/CTB) and / or a Council Tax Reduction Penalty

Each case will be considered on its own merits and the council will not operate a blanket policy of instigating a sanction purely based on the amount of the overpayment however overpayments below £2,000 will be considered for a caution or a penalty in the first instance.

PROSECUTION

Prosecutions will be brought using the following legislation:-

- S111 Social Security (Administration) Act, 1992
- S112 Social Security (Administration) Act, 1992
- Theft Act, 1968
- The Fraud Act, 2006
- The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.
- Criminal Attempts Act, 1981

- Any other appropriate legislation.

Prosecution cases will be referred promptly to the council's Legal Department.

Following joint investigations with the Department for Work and Pensions, cases may be referred to their solicitors or the Council's Legal Department. (NB: The CPS conduct prosecutions on behalf of DWP from 01 April 2012.)

Cases may be referred to the police should a case be deemed to be too serious for the council to deal with.

DECISION TO PROSECUTE

The decision to prosecute an individual is a serious matter. Each case should be considered on its own merits.

A 'Decision to Prosecute' pro-forma must be completed in every instance giving details of the offence, the other options that have been considered and why it is proportionate and appropriate to bring proceedings.

In recommending prosecution there are two tests to consider:-

- The Evidential Test
- The Public Interest Test

The Evidential Test

The investigation must have established sufficient evidence against the defendant to provide a realistic prospect of conviction. That means that a bench of magistrates or a jury are more likely than not to convict the defendant of the offence prosecuted.

The Public Interest Test

The public interest test must be considered after it has been determined that evidence exists which would provide for a realistic prospect of conviction.

If a case is deemed serious enough to bring proceedings, a prosecution will usually follow unless there are any public interest factors tending against prosecution which clearly outweigh the reasons for prosecuting.

Although in many instances there may be some public interest factors against prosecution, these are often outweighed by the reasons for prosecution and as such the matter should still be brought to court. If in doubt advice should be sought from Legal Services.

The factors for and against prosecution must be balanced carefully and fairly. Public interest factors are usually the seriousness of the offence and the circumstances of

the defendant. Some factors may increase the need to prosecute whilst others suggest another disposal may be more appropriate.

Public Interest Factors in Favour of Prosecution

- A conviction is likely to result in a significant sentence.
- The defendant was in a position of authority or trust.
- The offence was premeditated.
- The defendant was a ringleader or an organiser of a multiple offence.
- There is evidence that the offence was carried out by a group.
- The defendant has previous convictions for benefit fraud or dishonesty or has such a poor record and is clearly a ‘professional criminal’ that no other disposal is suitable.
- There are grounds for suspecting that the offence is likely to continue or be repeated.
- The offence, although not serious in itself is widespread in the locality and a prosecution for deterrence purposes is highly desirable.

Public Interest Factors Against Prosecution

- The court is likely to impose a very small or nominal sentence.
- The offence was committed as a result of a genuine mistake or misunderstanding.
- The loss or harm can be described as minor and was the result of a single incident, particularly if a genuine mistake as described above.
- There has been an unreasonable delay between the offence being perpetrated and the person being brought to court. (Article 6 European Convention on Human Rights).
- A prosecution could potentially have a very bad effect on the defendant’s physical or mental health, (this must be considered carefully against the seriousness of the offence).
- The defendant is very elderly or is now, or was at the time of the offence being committed, suffering from significant ill health, (this must be considered carefully against the seriousness of the offence).
- The defendant has repaid the overpayment in full (but there must be no suggestion of a defendant buying their way out of a prosecution).

FURTHER PROSECUTION CONSIDERATIONS

If the evidential test and the public interest tests are satisfied, the following factors will also have to be taken into consideration.

These include: -

- The amount of the overpayment.
- The duration of the fraud.
- Voluntary disclosure.
- Failure in benefit administration (official error).
- Prevalence of similar fraud in the area.
- Any evidence of collusion with employer or landlord.
- Deterrence factors of good publicity.
- Did the defendant continue to deny the offence even when confronted with the evidence?
- Would a prosecution result in any negative publicity for the council?
- Whether the evidence obtained satisfies the admissibility criteria or could be deemed to be 3rd party hearsay. This is particularly relevant to “living together as husband and wife” investigations.
- Ensuring compliance with the Police and Criminal Evidence Act, 1984 (P.A.C.E.)
- Ensuring compliance with Criminal Procedures and Investigation Act, 1996 (C.P.I.A.)
- Ensuring compliance with the Regulation of Investigatory Powers Act, 2000 (R.I.P.A.)

APPLICATION OF SANCTIONS

A caution, administrative penalty or council tax reduction scheme penalty should only be offered if the evidence obtained supports a prosecution. The sanctions are offered as an alternative to a prosecution.

- **Formal Caution**

This is similar to a Simple Caution administered by the Police.

A Formal Caution should be applied in cases that are deemed not quite serious enough to warrant prosecution i.e. the overpayment is at the lower end of the scale - normally below £2,000.

A Formal Caution can be applied in respect of Housing Benefit, Council Tax Benefit and / or Council Tax Reduction Scheme offences.

The caution should only be considered if the defendant has fully admitted the offence at interview and has no previous convictions. It will therefore be necessary to undertake checks with the Administration and Support Unit at Scunthorpe Police Station and with the Department for Work and Pensions to check the customer's antecedent history.

If cautions or prosecutions for benefit fraud and / or theft or deception offences already exist then the case may not suitable for a caution and an administrative penalty or prosecution should be considered.

However, there are instances when it might be appropriate to offer a caution for an amount in excess of £2,000 if either the Investigation Manager or Legal Department felt it was inappropriate to prosecute but the offence was serious enough to warrant further action. Any reasons will be fully recorded on file.

Similarly, there may be instances when an overpayment falls into the category to consider for a formal caution but because of the nature of the offence it is more appropriate to prosecute. Again any reasons will be fully documented on file.

Following joint investigations with the Department for Work and Pensions a caution may be offered if both parties agree it is appropriate provided that the combined overpayment falls into the financial threshold of either the council or the DWP's prosecution policy.

However DWP are no longer able to offer a formal caution for offences committed on or after 01 April 2012 or where the offence spans that date but instead have to offer an Administrative Penalty. This is following legislation changes where the use of cautions has been withdrawn for their offences. Therefore to ensure consistency of disposals in joint investigations if the offence is committed in full prior to 01 April 2012 a caution can still be considered however for other offences a caution will not be suitable and an administrative penalty will be offered.

A 'Decision to Caution' pro-forma must be completed in every instance giving details of the offence, the purpose of the caution and explaining why the offer of a caution is appropriate.

The Investigation Manager is designated as the officer responsible for conducting the formal caution interview and offering the caution. The Senior Investigation Officer or Investigation Officers may deputise in his absence.

- **Administrative Penalty**

This can be considered for housing benefit and council tax benefit offences, which have resulted in overpayments below £2,000. The penalty is essentially a 'fine' of the overpayment amount.

Generally it should be considered when the Investigation Manager or Legal Department are of the opinion that a prosecutable offence has been committed but that criminal proceedings are inappropriate in the first instance. Usually this means that the claimant has not fully admitted the offence therefore a Caution is inappropriate or his previous convictions preclude a formal caution being offered but as the overpayment is at the lower end of the scale a prosecution may not be the first option.

Unlike the formal caution there is no requirement for the defendant to make a written admission of the offence.

However, should the defendant refuse to accept the penalty, a prosecution should follow in most cases.

Although a penalty can be considered for overpayments below £2,000, the Investigation Manager and Legal Department may still consider commencing criminal proceedings if it was felt more appropriate. Similarly a penalty may be considered if an overpayment exceeds £2,000 however it is unlikely to be applied very often.

Following a joint investigation with the Department for Work and Pensions an administrative penalty may be offered if both parties agree it is appropriate provided the combined overpayment falls into the financial threshold of either the Council's or DWP's prosecution policy.

Changes in legislation affecting DWP means that for offences committed on or after 01 April 2012 or spanning that date the only sanction available will be an administrative penalty.

Offences committed prior to 08 May 2012 attract a penalty of 30% of the overpayment.

From 08 May 2012 the Social Security (Administration) Act was amended by the Welfare Reform Bill resulting in changes to the amount of the financial penalty. Any offence committed wholly on or after 08 May 2012 will attract the following penalties:-

- There will be a minimum penalty of £350 otherwise the penalty will be 50% of the overpayment up to a maximum of £2,000.

- An attempt to commit fraud where the fraud is discovered prior to payment being made will attract a penalty of £350.

A ‘Decision to Offer an Administrative Penalty’ pro-forma must be completed in every instance outlining the offence, the purpose of offering the penalty and explaining why an administrative penalty is the most suitable disposal.

The Investigation Manager is designated as the officer to be responsible for conducting the administrative penalty interview. The Senior Investigation Officer or Investigation Officers will deputise in his absence. However, legislation also allows for the DWP to conduct a penalty interview on behalf of the council and vice versa.

- **Council Tax Reduction Scheme Penalty**

This can be considered for Council Tax Reduction offences committed on or after 01 April 2013 which have resulted in excess payments below £2,000, an excess payment being an amount of council tax reduction to which a customer was not entitled. The penalty is an alternative to a prosecution and is essentially a ‘fine’. The Investigation Manager is designated as the officer responsible for conducting the penalty interview although the Senior Investigation Officer or Investigation Officers may deputise in his absence. The penalty amounts prescribed in legislation are as follows:

- The amount of the penalty will be 50% of the Excess Reduction.
- The minimum penalty will be £100.
- The maximum penalty will be £1,000.

- **Prosecution**

All cases of **proven** fraud with an overpayment in excess of £2,000 will be considered for prosecution.

However, there is no minimum value to be prescribed and should either the Investigation Manager or Legal Department or the Department for Work and Pensions in joint investigations consider it appropriate, a prosecution may be brought for a lesser amount.

There may be circumstances when the Legal Department or Investigation Manager considers it more appropriate to offer an alternative sanction for a case which meets the financial value for a prosecution. In such instances the reasons for doing so will be fully documented.

A ‘Decision to Prosecute’ pro-forma must be completed in every instance giving details of the offence, the other disposal options that have been considered and why it is suitable and proportionate to prosecute.

Files will be prepared as soon as possible and referred to the Investigation Manager to check and make recommendations to the council’s Legal Department. The Senior Investigation Officer will review files in the Investigation Managers absence.

Publicity will be sought by contacting Public Relations prior to a case being heard at court. In the event of any case referred to the Police it is for them to decide the whether a prosecution or other disposal is appropriate.

ANTI-MONEY LAUNDERING POLICY

Introduction

The Proceeds of Crime Act 2002, The Terrorism Act 2000 and the Money Laundering Regulations 2007 (revised further in 2010 Combating Financial Crime further guidance on anti money laundering for public sector organisations) place obligations on the council and its employees with respect to suspected money laundering. The council is committed to the prevention, detection, and reporting of money laundering activities, and the procedures reflect this commitment and also safeguard the council from non compliance with legislation.

The policy applies to all employees and elected members of the council, along with contractors and partners engaging with the council. The Policy sets out the procedures, which must be followed to enable the council to comply with its legal obligations.

Failure by an employee to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the council's Disciplinary Policy.

Service Directors and managers must ensure that all employees are aware of this policy, and the wider Counter Fraud Strategy.

What is money laundering

The definitions within the act are lengthy and cover all specific offences. In summary form the Serious Organised Crime Agency (SOCA), who investigate referrals, refer to it as

"Any action taken to conceal, arrange, use or possess the proceeds of any criminal conduct. Criminals try to launder 'dirty money' in an attempt to make it look 'clean' in order to be able to use the proceeds without detection and put them beyond the reach of the law enforcement and taxation agencies. "

Potentially any employee, member, contractor or partner may be directly involved, and this is punishable by up to 14 years imprisonment.

Any employee could potentially be caught by the money laundering provisions and, if they suspect money laundering and become involved in it or do nothing about it. The policy sets out the process for raising concerns and how they will be addressed.

Obligations

The act sets out the organisations conducting ‘relevant business’ and requires them to adopt a number of key measures to counter money laundering. Relevant business includes services where income is collected, accountancy and internal audit, financial company and property transactions. However the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the council; therefore, all employees are required to comply, regardless of where they work.

The six measures, are;

Internal controls and procedures, which include ensuring employees, are aware of their responsibilities, designing checks aimed at preventing and detecting money-laundering activity, for example

- **no cash payments exceeding £5000 will be accepted,**
- **refunds, where a significant overpayment has been received the refund will need to be considered further before a payment is made**

Also appointing a Money Laundering Reporting Officer (MLRO) to oversee the receiving of disclosures by the **Head of Internal Audit¹** (HIA) who will address them accordingly.

Client due diligence, the council is required to know their customers, and maintain client identification procedures in some circumstances.

Reporting of suspicious transactions, there should be standard documents covering reporting to the HIA, a corresponding receipt to be issued for all referrals, and investigation and decision records, and the templates for reporting activity to the SOCA.

Training and awareness, all relevant employees should understand the money laundering risk, legal obligations and responsibilities

Record keeping, it must be possible for the council to recover all information relating to a transaction, it can be stored in any format as long as it is readily accessible for 5 years.

Monitoring, the council should have systems in place to monitor high cash value transactions.

Money Laundering Reporting Officer

The officer nominated as the Money Laundering Reporting Officer is the Director of Policy and Resources. Disclosures about money laundering in the

¹ Head of Audit, Risk and Insurance

council are to be received and addressed by the HIA, and Group Auditors in her absence.

The MLRO, is responsible for;

- maintaining this policy,
- providing support and advice on anti money laundering controls, identification procedures, and record keeping
- providing training on request and ensuring awareness is maintained
- maintaining a disclosure procedure, including the reporting system and the documentation shown at the Appendices
- investigating referrals and determining if a Serious Activity Report should be made to the SOCA
- obtaining the necessary consent and responding to the referrer on the course of action that is to be taken.

In practice these operational issues are addressed by the HIA, who will keep the MLRO informed of all activities.

Disclosure procedure

Where you know or suspect that money laundering activity is taking or has taken place, or become concerned that your involvement in a matter may amount to an offence under the Act, you must disclose this as soon as possible to the HIA. You should not attempt to carry out any investigations yourself. At no time or under no circumstances should be suspicions be voiced to the person(s) suspected of money laundering, even if the SOCA has given consent to a particular transaction proceeding. Do not, therefore, make any reference on a client file to a report having been made to the HIA. Should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made. The HIA will keep the appropriate records in a confidential manner.

The HIA will determine if a disclosure is required to SOCA. Should this be necessary a disclosure form is required to be completed with the assistance of the HIA. Any necessary investigation will be undertaken by the SOCA. All employees will be required to co-operate with the HIA and the authorities during any subsequent money laundering investigation.

The HIA will consider the report and any other available internal information thought to be relevant e.g.

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held; and undertake such other reasonable inquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the SOCA is required. The HIA may also need to discuss the report with you.

When the disclosure report and any other relevant information has been evaluated the HIA will make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether to seek consent from the SOCA for a particular transaction to proceed.

Where the HIA suspects money laundering but has reasonable cause for non-disclosure, then the report must be noted accordingly (the HIA must liaise with the legal adviser to decide whether there is a reasonable reason for not reporting the matter to the SOCA), then consent can be immediately given for any ongoing or imminent transactions to proceed. Where the HIA concludes that there are no reasonable grounds to suspect money laundering then the report is marked accordingly and consent given for any ongoing or imminent transaction(s) to proceed.

Where consent is required from the SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the SOCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the SOCA.

All disclosure reports referred to the HIA and subsequent reports to the SOCA must be retained by the HIA in a confidential file kept for that purpose, for a minimum of five years.

Client Identification Procedure

Service Directors and managers shall ensure that where the council is carrying out 'relevant business' and:

- a) forms an ongoing business relationship with a client; or
- b) undertakes a one-off transaction involving payment by or to the client of 5,000 Euro (approximately £5,000) or more; or
- c) undertakes a series of linked one-off transactions involving total payment by or to the client(s) of 5,000 Euro (approximately £5,000) or more; or
- d) it is known or suspected that a one-off transaction (or a series of them) involves money laundering; then this Client Identification Procedure must be followed before any business is undertaken for that client. **Please note that unlike the reporting procedure, the client identification procedure is restricted to those operating relevant business.**

In the above circumstances, employees in the relevant section of the council must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after instructions are received (unless evidence of the client has already been obtained). This applies to existing clients, as well as new ones.

With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.

In all cases, the evidence should be retained for at least five years from the end of the business relationship or transaction(s).

If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further. If there is an unjustified delay in the evidence of identity being obtained from the client or where the client is deliberately not providing the evidence a disclosure will have to be made.

Record keeping procedures

Each area of the council conducting relevant business must maintain records of:

- client identification evidence obtained; and kept for 5 years from the completion of the transaction
- details of all relevant business transactions carried out for clients for at least five years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

The precise nature of the records are not prescribed by law, however, they must provide an audit trail during any subsequent investigation, e.g. distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, each section of the council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

Review

This Anti Money Laundering Policy will be reviewed annually by the HIA to ensure that it remains up to date.

Conclusion

The legislative requirements are lengthy and complex. The policy has been written so as to enable the council to meet the legal requirements in a way, which is proportionate to the low risk to the council of the contravening the legislation.

Any concerns should be referred to the HIA.

Appendix 7

Bribery Act 2010

The Bribery Act 2010 modernises the law on bribery. The Act comes into force on the 1st July 2011 and made it an offence to;

- Offer, promise or give a bribe (section 1 of the Act)
- Request, agree to receive, or accept a bribe (section 2 of the Act)

A bribe is '*a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that acceptance of such an advantage would constitute the improper performance of such a function or activity'*'

Or in short rewarding a person as encouragement for them to perform their duties differently or not at all.

A relevant function or activity, is any function of a public nature. By virtue of this whilst the Act is largely targeting commercial organisations the law itself applies to the council. This means that the council can be liable, under section 7 of the Act, if it fails to have systems and procedures in place to prevent persons associated with them from bribing.

The council has adopted the recommended six principles for bribery prevention, below which are;

Risk assessment – knowing and keeping up to date the bribery risks faced by the council – *the council continually assesses the risk of fraud for new and emerging risks, this includes the risk of bribery. An exposure profile is produced and resources are deployed in providing assurance that sufficient systems and controls are in place to reduce/mitigate risks.*

Top level commitment – establishing a culture across the council where bribery is unacceptable. - *The council has a strong Counter Fraud Strategy that is reviewed at least annually and approved by the Audit Committee. Bribery is referred to in this strategy which contains a clear and unambiguous message that the council will not tolerate and will respond to any allegation of fraud or corruption. All employees received a copy and new employees are made aware via the induction process. Members are also required to attend counter fraud training, and contractors are made aware via introductory tendering documentation and terms and conditions of contracts awarded.*

Due diligence – knowing who the council deals with and being confident that these organisations have similar anti-bribery policies and that relationships are transparent and ethical – *The council has set up lists of approved contractors that it deals with, these contractors go through a stringent vetting process. Initial documentation makes it clear that the council does not allow any unacceptable behaviour (which is clearly defined) and provides a link to the Whistleblowers' Charter and Counter Fraud Strategy which potential contractors are expected to make themselves familiar with. The tendering process is used to determine the potential contractors meet the requirements of being open and transparent. Finally the terms of the contract includes standard paragraphs to reiterate the council's stance on bribery and corruption.*

Clear, practical and accessible policies and procedures – having the policies in place to ensure that pecuniary interests are declared and that gifts and hospitality is duly recorded. – *The council expects members and employees to declare any pecuniary interests that they have, and is clear on what constitutes a pecuniary interest. Declarations are required at meetings and also annually. Gifts and hospitality may be received in the course of business but the Interests, Gifts and Hospitality policy makes it clear that these should not be solicited and must be recorded. Both policies are referred to in the Counter Fraud Strategy and on the Intralinc, all new members and staff are made aware of requirements through the induction process, which refers also to the codes of conduct which reinforce the message.*

Effective implementation – ensuring that anti bribery measures are in all internal controls and relevant policies – *The council's Internal Audit Service has a risk based annual plan of systematic checking of internal controls. The auditors' professional Code requires that auditors remain vigilant to the risk of fraud and corruption on any audit. There is also a specific counter fraud plan where new and changing systems are proactively checked for the risk of fraud and corruption.*

Monitoring and review – keeping the controls that are sensitive to bribery in place and under review. – *The Counter Fraud Strategy which encompasses anti bribery measures is kept under continual review as is the risk assessment that populates the counter fraud section of the Internal Audit Plan.*

Internal Audit Plan 2013/14 Counter Fraud Summary

Area	Scope	Planned Days	Progress
Creating and maintaining the anti fraud culture			
Publicity	Continued development of system, promotional and awareness raising activities, refresh to risk assessments, and strategy	5	The NFA eLearning package has been received and is being reviewed to adopt and disseminate training to all staff. Better Governance Forum training on tax risks, bank fraud (BACS and cheque misappropriation) and social engineering fraud was been received and incorporated into the fraud risk assessment and audit plan.
Counter Fraud Strategy/risk assessments	Keeping the strategy current, and ensuring risk assessments are up to date	5	The NFA are developing a central repository of good practice, when available, the Counter Fraud Strategy will be assessed against information available. Areas for improvement identified through our participation in the NFA's online toolkit are being progressed.
Joint reporting	Ensure co-operation across all departments to be able to accurately assess fraud risk for the council	2	Joint working protocols continue to work well. Welfare Reform changes such as the formation of a Single Investigation Service may require further protocols to be established. A meeting was held with NLH to discuss a joint approach to tenancy fraud
Prevention			
Designing out fraud	Advice in areas where changes to systems are proposed	10	Welfare Reform changes particularly the administration of localised council tax support and community grants funds have been included for review in the 2013/14 plan
Deterrence			
Fraud Newsletter and Council Wide Communications	Publication of a quarterly newsletter and issue of alerts and council wide communications	5	The newsletter is now a regular item with articles covering current national and local counter fraud topics. Other departments across the council such as Benefits, Trading Standards and Insurance have provided articles. The police also provide updates as appropriate.
Detection			
Data Matching – National Fraud Initiative (NFI)	Audit assistance in the annual exercise of data matching. In 2010/11 council tax matches and data submission for 2011/12 full exercise	30	The 2010/12 exercise is now completed, resulting in fraud/savings of £208k. 2012/14 matches have been received and work is underway to investigate matches. So far £25k duplicate payments and benefit fraud has been identified. Council tax and electoral roll data has been deferred by the NAO until Jan 2014
Hotline	Audit response to allegations received via the hotline	30	There continues to be an increase in calls, an average of 20-30 calls a month, received and the hotline is continually publicised via the Fraud Focus newsletter and on the council website.
Money Laundering	Provision of the system set up client identification checks with services	3	The council wide eLearning package will include a summary of the council's anti money laundering arrangements. Targeted eLearning training for those staff in high risk areas is also being developed.
Investigation			
Proactive – misuse of council funds audits	Rolling programme of audits of potential misuse of council funds.	15	Areas included in the 2013/14 Audit plan include Car Plan for mileage claims, Leisure Grants, Regional Growth Fund and Imprest Accounts
Proactive – investigation of high risk income collection areas	Income based audits	40	Areas for audits this year include, Freshstart, Search Fees, Normanby Hall and Waters Edge Visitors Centre.
Proactive – development of IDEA software	To identify areas where software can be used to detect and investigate fraud	10	An annual review using IDEA has been introduced to identify duplicate payments. The last exercise identified £8k of duplicate payments.
Reactive Investigations		As required	

fraud focus

North Lincolnshire Council's counter-fraud newsletter

No. 11 Winter 2013

Schools & Academies



National News p3



Working with banks p4



www.northlincs.gov.uk

Whenever alerts are considered to be worthy of distributing council wide, we will send out a council wide communication or contribute to the weekly update sent around all departments. Schools and Academies because of their local management arrangements have been highlighted by the National Fraud Authority as a significant risk area. As a result, although this publication is available on our website, we have sent out an email to all schools and academies briefing them of the current fraud risks.

We have advised that schools encountering anything they suspect is fraudulent to contact us immediately for us to carry out any investigation work in conjunction with the police if necessary.

Online Christmas Shopping Tips

Avoid problems when buying Christmas presents online by following North Lincolnshire Trading Standards simple tips...

- Shopping around for the cheapest deal is not always the best policy; you should checkout any customer reviews of the seller before committing to buy.
- Always check a traders returns policy especially if you're buying online. Check what the time limit is for returns and whether the online seller will repay any return costs.
- For items over £100 always buy it with a credit card, this gives you additional rights with the credit card company as well as the seller.

For advice on any consumer issue contact the Citizen Advice helpline on 08454 040506 or visit www.adviceguide.org.uk

ActionFraud
Report Fraud & Internet Crime
0300 123 2040

Working together - tenancy fraud

Some 98,000 housing association and council homes are believed to be illegally occupied in the UK. This is where a home is occupied through sub letting, not living in it or the tenancy has been obtained by deception or through the inappropriate succession after the tenant has died.

It is estimated that every homeless family costs £18,000 to re-house every year, so tenancy fraud costs the public sector £845m a year (source: National Fraud Authority Fraud indicator 2013). Councils across the country have been employing techniques such as data matching, use of credit reference agency data and visits to identify illegally occupied property.

The Prevention of Social Housing Fraud Act 2013 came into force on 15 October 2013 and now makes unlawful subletting a criminal offence which could lead to a custodial sentence. It also creates the Unlawful Profit Order, which requires

defendants to pay the profits of unlawful subletting to the landlord following conviction or civil proceedings. In addition the Act provides that assured tenants of social landlords, who unlawfully sub-let or part with possession of their homes, lose security of tenure permanently.

We recently met with our biggest landlord North Lincolnshire Homes to consider a joined up approach to tackling this type of fraud. Tenancy Enforcement Manager, Claire Coyle states 'The introduction of the Act aims to ensure that social housing is occupied by those in greatest need, it is vital that partners work together to tackle tenancy fraud to ensure that homes are allocated fairly'.

If you are aware of any fraud you must report it, you can contact the social landlord directly, or if you contact us via our hotline or on line reporting form we will ensure that details are passed on.

National Fraud Initiative update

The council takes part in the national exercise where data such as benefits, payroll, supplier payments, licenses, council tax and electoral role are provided and are matched with other councils, and other agencies such as the registrars to identify possible fraud.

We received our last matches in January 2013 and work is being undertaken on the 7079 matches received. In January we will submit our council tax (residents claiming a discounts for living

alone) and electoral roll data. We will receive back matches where the electoral data suggests more than one adult lives in the property or a young person is approaching the age of 18 lives in the property. We investigate all matches, **so it is important that claimants make the council aware of changes in circumstances such as an adult leaving or entering the household in order that discounts can be granted or removed as appropriate.**

We were recently visited by the Audit Commission who run the NFI exercise. The Audit Commission who monitor individual participants results online wanted to recognise our successes, and asked us to share our approach in order that they could help other authorities. They are looking to extend the exercise and we were also asked for our ideas on other possible match reports that could be received to identify further fraud areas.

National news

A British version of the FBI has been created. The National Crime Agency launched in October has over 4000 agents and is split into four areas

- Organised crime
- Economic crime
- Border policing
- Child exploitation and on line protection

The agency will be tackling 37,000 of the most organised criminals with agents based within and outside of the UK

- We are part of the National Anti Fraud Network. An important role they have is to email organisations us with fraud alerts. Our most recent email contained further alerts from the National Fraud Investigation Bureau. Large organisations such as this are working together to ensure that local authorities have all possible alerts.
- Four individuals in Sheffield have been jailed over a £500,000 crash for cash scam. This is

where a crash is orchestrated to initiate an insurance claim which are then often exaggerated.

Protection advice for avoiding rogue apps:

- Unfortunately rogue apps can appear in legitimate app stores as well as unofficial online stores, so it's important to be extra vigilant when downloading new apps and to monitor your phone for any unusual activity.
- Always check reviews and ratings as well as developer information before downloading a new app.
- Malware can cause a lot of weird activity on your phone, so battery performance might be a clue. If your battery suddenly starts draining really fast, consider that it might be a malware problem.
- Make sure to check your phone bill online periodically - more often than once a month, that way you can keep tabs on any suspicious activity.

Fraud on the increase or decrease?



The National Fraud Authority publish annual statistics on estimated fraud levels. The 2013 document shows that fraud has increased but how much of this is a result of improved reporting is unknown. The figures for 2013 indicate the level of fraud to be £73bn, this is derived from actual fraud reported and an estimate of how much fraud is hidden due to it not being reported.

The publication shows actual fraud in each of the following areas as

- Private sector £21.2bn
- Public sector £20.6bn
- Individuals £9.1bn
- Charities £147.8m

The document available on the National Fraud Authority website (search for National Fraud Authority National Fraud Indicator 2013) which is worth a read. The report also gives amounts by fraud type for example identity fraud costs the UK £3.3bn a year.

The council also received the Audit Commission – Protecting

the Public Purse audit report this month. This is based on data submitted by councils in May each year. The report accessible on the Audit Commission website, is worth a read and seems to also indicate a decrease in fraud, but states this could be down to less resources to detect fraud, or less reports being submitted.

If you are the victim of fraud you must report it to get all the support you need but also try and increase the likelihood that the fraudster is caught before others lose out.

Working together with our bank

Our bank, recently provided some very useful training on new and emerging fraud threats facing banks and local authorities. The training provided by a speaker previously employed by the police, covered the following areas;

Identity fraud, where fraudsters obtain your personal bank/card details, Banks will never ask for your full pin or password via;

- email (phishing emails)
- over the phone (vishing calls)
- text (smishing texts)

If you are asked via any of these means it is likely that a fraudster is trying to obtain personal details.

In some cases they will confirm some of your details such as your bank card number, but will try and obtain further details such as the three digit pin on the back of the card. Giving this number to a fraudster will enable them to transfer funds out of your account, or make payments using your card.

You will only need the three digits on the back of the card when you are making a purchase online or over the phone, make sure the website is genuine before you make such purchases or you know the person on the other end of the phone is genuine. Having good antivirus software will reduce the amount of fake websites that you could happen on or the malware that could infect your computer.



Cheque fraud

Although less cheques are produced these days, unfortunately cheque fraud is reported to be on the increase. The bank offered the following advice

- Keep cheques in a secure place and never write the mandate which shows who may sign cheques
- Use cheques in serial number order and frequently check that any later cheques are not missing
- Check your bank account regularly for any unusual payments

We would like to add to this never to pre-sign cheques, or leave a signature on a spoilt cheque this would give a fraudster an example of your signature should your cheque book be stolen.

When writing cheques, the bank offered the following advice;

- Begin writing at the far left of the cheque
- Draw a line through the rest of the space when you have finished writing
- Do not leave large spaces between words or figures
- Do not leave space between the £ and the figures and rule out any extra amount after the figures

Following the above advice will reduce the risk that extra words or figures can be added.

A final important is that if you receive a cheque for an amount higher than you expected it is likely to be a scam if you are asked to refund the difference. In such cases The chances are you could end up with a bounced cheque anyway but would also lose any amounts you refunded.

Debbie Baker
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Helen Asher
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Hotline
01724 296666

If you have any comments or suggestions on this newsletter, please email Debbie.baker@northlincs.gov.uk

Social services fraud

The National Fraud Authority have cited Social Payments as an emerging fraud risk area, examples of this can be;

- Individuals receiving payments for non-existent conditions or exaggerated needs
- Misuse of funds received through direct payments and personal budgets
- Understating income/assets to reduce the amount paid by the clients and leaving the council paying more

The council has a zero tolerance to any form of fraud, and a recent review of the controls in place to detect this type of fraud resulted in some control improvements being made.

Fraud is a criminal offence and under our Counter Fraud Policy we will take all action to detect this type of fraud and ensure appropriate punishments are applied when it is found. In addition we will always seek to recover any sums paid to fraudsters and/or any amounts that fraudsters should have been paying towards their care.



A word from our police contact

Our local police force keep us informed of frauds being experienced locally in order that we can pass on advice and ensure that you can be vigilant

- Fraudsters have been calling victims portraying themselves as police or other enforcement agencies. They advise the victim there is suspicious activity on their bank account/card account and to hang up and contact their bank. The fraudster does not hang up their end of the line and so when the victim dials their bank number they are still talking to the fraudster and can give personal details that allow fraudsters access to their bank account. Banks will never ask you to divulge your personal details and so you should never give them. If you need to contact your bank try and use a separate phone to do this and call the number of your bank from your documentation not any given to you by the caller. If you must use the same phone do it later in the day and make sure you hear the dialling tone.
- Fraudsters have been ordering goods often with stolen cards to be delivered to address of the vulnerable or elderly. They will then visit the property and collect the parcel blaming the delivery firm for delivering to the wrong address. The supplier of the parcel on realising that card has been stolen and they have not been paid will try and recover the cost from the victim at the delivery address. To avoid this type of fraud do not accept delivery of any goods you have not ordered unless you are doing so on behalf of a neighbour and the parcel is clearly labelled with their address. Only give the parcel to this neighbour and warn them of this type of fraud in case they become the victim.

If you think you have become a victim of either fraud please contact your local police

The Humberside police website has a lot of useful information on protecting yourself from fraud

