

# Fraud Prevention Charter

## 2021/22

Blackpool Council



## Overview

Blackpool Council is committed to the prevention and detection of fraud and corruption. It is important that the Council uses its resources in the most effective way for the delivery of high-quality services to the community.

The Council requires all employees and elected members to act honestly, with integrity and to safeguard the public resources for which they are responsible. The Council also expects the same levels of honesty and integrity from all individuals and companies dealing with the Council. The Council will take appropriate action when fraud, bribery or corruption is suspected.

The Fraud Prevention Charter sets out the Council's Anti-Fraud and Corruption Statement which outlines the Council's zero tolerance approach when dealing with fraud, corruption and bribery. It also outlines the fraud risk assessment and associated counter fraud programme which is based on best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure that it takes account of emerging threats and focuses on priority fraud risks.

## Fraud Prevention Strategy

The Council's strategic response for counter fraud activity is based on the principles of govern, acknowledge, prevent, pursue and protect in line with the Fighting Fraud and Corruption Locally Strategy (2020) and consists of the following:

Govern	Acknowledge	Prevent	Pursue
Having robust arrangements and executive support to ensure anti- fraud, bribery and corruption measures are embedded throughout the organisation.	Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.	Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.	Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.
<b>PROTECTING ITSELF AND ITS RESIDENTS</b> Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.			

The Charter seeks to embed the 6 C's for effectively implementing an anti-fraud ethos throughout the Council which include:

- **Culture** – creating a culture where fraud and corruption are unacceptable and that is measurable.
- **Capability** – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate.
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance.
- **Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity.
- **Communication** – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes.

- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

The above is achieved through the delivery of the following key features included in this overarching Fraud Prevention Charter:

- Anti-Fraud and Corruption Statement.
- Sanctions and Prosecution Policy.
- Fraud Risk Assessment.
- Proactive Anti-Fraud Plan.

## **Anti-Fraud and Corruption Statement**

The purpose of this statement is to set out what to do when fraud, bribery or corruption is suspected or detected. It is part of the Council's overall approach to security and therefore it applies to the Council and all other parties who are given access to the Council's information and premises. It covers all personnel including substantive Council staff, freelance, casual, temporary and agency staff, contractors and elected members.

There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with integrity and that Council employees at all levels will lead by example to prevent and detect fraud, bribery and corruption. The Council subscribes fully to the principles laid down by the Nolan Committee which include:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Senior management, staff and elected members are expected to deal effectively with any potentially fraudulent or corrupt activity that comes to their attention.

### ***Legislative Framework***

The Council regards fraud as being any intentional distortion of financial statements and other records to achieve inappropriate gain, cause inappropriate loss, or the misappropriation of assets. This may involve:

- Falsification or alteration of accounting records or other documents.
- Misappropriation of assets or theft.
- Suppression or omission of the effects of transactions from records or documents.
- Recording transactions which have no substance.
- Willful misrepresentations of transactions or of the Council's state of affairs.

The Fraud Act 2006 categorises fraud into three main types, namely dishonestly intending to make a gain, or cause a loss or risk of loss by:

- Making a false representation.
- Failing to disclose information when there is a duty to do so.
- Abuse of position.

Corruption is a serious criminal offence, set out in the Bribery Act 2010. Corruption includes offering, giving, soliciting or accepting any inducement or reward which would influence the actions taken by the body, its members or officers. Some of the main areas of activity, which may be particularly susceptible to corruption include:

- Contracts and commissioning.
- Grants.
- Asset disposal.
- Planning consents.
- Licenses and other approvals.

The Bribery Act 2010 has established 4 offences:

- Offering, promising or giving a bribe.
- Requesting, receiving or accepting a bribe (whether directly or through a third party).
- Bribing a foreign public official.
- The failure of a commercial organisation to prevent bribery.

The Council will at all times, whilst conducting investigations utilise and comply with the requirements of the appropriate legislation including:

- The Fraud Act 2006.
- Bribery Act 2010.
- The Police and Criminal Evidence Act 1984 (PACE).
- The Theft Acts of 1968 and 1978.
- Criminal Procedures and Investigations Act 1996.
- Data Protection Act 2018.
- The Regulation of Investigatory Powers Act 2000.
- Investigatory Powers Act 2016.
- Proceeds of Crime Act 2002 (POCA).
- Serious Crime Act 2015.
- The Public Interest Disclosure Act 1998 (Whistleblowing).
- The Human Rights Act 1998.

## ***Roles and Responsibilities***

Council employees are expected to abide by the National and Local Conditions of Service relating to their employment, which include conduct issues. Employees are also expected to follow any code of conduct related to their profession where these require a further duty of care.

Council members are required to comply with a Code of Conduct, which provides guidance to members on recommended standards of conduct in carrying out their duties and in their relationships with the Council and Council officers.

All members and employees are required to declare any offer or receipt of gifts or hospitality that are in any way related to their relationship with the Council. A hospitality register is maintained of all declarations. A register is also maintained for officers to declare any business or related interests, membership of or associations with clubs, societies and other organisations.

The Council's Constitution governs the way the Council conducts its activities and places an obligation on all members and employees to act in accordance with procedures, rules, responsibilities and functions and supporting Financial Regulations.

Senior management has a role in ensuring that the Council takes adequate steps to safeguard against the risk of fraud and bribery.

The Corporate Leadership Team must ensure that all staff have access to these rules and regulations and that staff receive suitable training where appropriate. Members and employees must make sure that they read, understand and comply with the rules and regulations that apply to them.

Should any person knowingly break the rules and regulations then the Council may take formal action.

It is the responsibility of all staff to be alert to any potential occurrences of fraud, bribery and corruption and to be aware that unusual events, transactions or behaviours could be indications of fraud (or attempted fraud) and corrupt practices. Fraud, bribery and corruption may also be highlighted as a result of specific management and/or third party checks, or in the course of audit reviews by both internal and external audit.

Service managers are responsible for maintaining an adequate framework of internal control to minimise potential losses by the Council. The Audit and Risk Team is available to provide advice and assistance in this area, but service management retains responsibility for preventing and highlighting possible fraudulent and corrupt activity.

## ***Fraud Reporting and Investigation***

Any suspicion of fraud will be taken seriously. If you have a reasonable suspicion of fraud, bribery, corruption, theft or irregularity you must immediately report it to either the Head of Audit and Risk or the Senior Counter Fraud Advisor. It is important to remember that it is better to be proved wrong over genuine concerns than not to report those concerns and be proved right should fraud subsequently be discovered.

Concerns should be reported to:

- Your Head of Service or Director.
- The Head of Audit and Risk.
- The Corporate Fraud Team.
- Or via the Council Whistleblowing Policy and Procedure.

When a member of staff reports suspicions their information will be taken seriously and dealt with in a considerate way. Officers receiving the information should report it to the Head of Audit and Risk or Senior Counter Fraud Advisor as soon as possible so that a decision can be made about the need for an investigation.

Confidentiality for all parties will be maintained over reports made in good faith which cannot be substantiated following investigation. A reporting member of staff may choose to remain anonymous and such anonymity will be respected. However, identification is preferred and will assist the investigation. An anonymous disclosure cannot be made under the Public Interest Disclosure Act 1998 (the 'Whistleblowing Act'); staff must identify themselves to receive protection under the Act.

Employees **must not** do any of the following:

- Contact the suspected individual(s) in an attempt to determine facts or demand restitution.
- Discuss the case facts, suspicions, or allegations with anyone outside the Council (including the press) unless specifically asked to do so by the Head of Audit and Risk or Senior Counter Fraud Advisor.
- Discuss the case with anyone within the Council other than the people listed above.
- Seize or attempt to seize paperwork or other evidence.

All fraud, bribery and corruption investigations should be discussed at the outset with the Head of Audit and Risk or Senior Counter Fraud Advisor to ensure appropriate procedures are followed and any necessary support is provided.

You must not attempt to personally conduct investigations, interviews or question anyone, unless specifically asked to do so by the investigation team.

Investigation results will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons subsequently found innocent of alleged wrongful conduct, and to protect the Council from potential civil liability.

In cases where an individual is suspected of fraud and where a subsequent investigation does not substantiate the allegation, it is important that the potential damage to the individual's reputation is minimised.

Any necessary investigative activity will be conducted without regard to any person's relationship to the Council, position, or length of service.

Investigations will be carried out by the Corporate Fraud Team, Head of Audit and Risk, or an officer who is independent of the service, and will be conducted with discretion and sensitivity.

On completion of the investigation, a written report will be prepared stating the facts established by the investigation. Whenever possible, the Council will take action against all perpetrators of fraud and corruption, whether internal or external to the authority as set out in the Sanctions and Prosecution Policy.

During the course of investigations, it may be necessary to involve the police for other reasons, e.g. to take forensic evidence or to search premises. In all instances, only the investigating team should instigate contact with the police.

Where fraud, bribery and corruption have occurred management must take all necessary steps to amend systems

and procedures to ensure that similar frauds or corrupt practices do not recur. The investigation may highlight where there has been a failure of supervision or a breakdown/absence of control. Internal Audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.

Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from any individual(s) responsible for fraud or corruption.

## **Sanctions and Prosecution Policy**

It is recognised that fraud is potentially costly to the Council both in terms of reputational risk and financial loss. Where fraud, bribery or corruption is proven, those persons/organisations responsible must understand that potential action will follow in line with this policy.

The individual circumstances of instances of fraud, bribery and corruption will vary, but the Council's response should be effective, organised and consistent with the principles laid down in relevant legislation and the Fraud Prevention Charter.

Irrespective of potential sanctions, all investigations will be conducted to the highest possible standard to ensure that the option of a criminal prosecution remains available for any appropriate cases.

Where a referral to the Corporate Fraud Team is investigated and fraud, bribery or corruption has been identified and quantified, the Council will instigate appropriate punitive action against the individuals or organisations involved and steps will be taken to recover any monies lost. In addition, the Council will pursue appropriate sanctions as a deterrent measure against those who may consider committing fraud, bribery or corruption to misappropriate public funds. In instances where fraud, bribery or corruption is proven, it is important that the Council has a clear policy in place to ensure that appropriate sanctions are applied, in a consistent manner.

This Policy sets out the Council's approach in respect of the sanctions to be applied against those individuals and/or organisations who have committed fraud, bribery or corruption against the Authority, and the steps to be taken to recover any monies which have been lost as a result.

There are five main sanctions which are available to the Council. Each sanction will play an equally important role in the creation and maintenance of an anti-fraud culture. These potential sanctions are as follows:

- Criminal Prosecution – proceedings brought against alleged offenders with a view to obtaining a criminal conviction, imprisonment, community penalty, fine, confiscation or compensation order and the award of costs.
- Civil Action – proceedings to preserve assets and/or recover monies or assets obtained inappropriately, including costs and interest.
- Financial Penalties – where legislation allows the Council to impose financial penalties on an individual as an alternative to criminal prosecution.
- Internal disciplinary action – where action is taken to deal with the issue internally via the Council's Disciplinary Procedure.
- Professional / Regulatory Body action - where an individual is a professional, it may also be necessary to notify their professional body for the matter to be dealt with externally by the relevant professional or regulatory body.

The Council's approach to pursuing sanctions in cases of fraud, bribery and corruption is that the full range of possible sanctions outlined above are considered at the earliest opportunity and throughout an investigation, and any or all of these may be pursued where, and when, appropriate. The consistent use of an appropriate combination of investigative processes and sanctions in each individual case demonstrates the Council's commitment to take fraud, bribery and corruption seriously and ultimately contributes to the deterrence and prevention of such actions in the future. All steps to recover funds lost to fraud, bribery or corruption will be sought in all appropriate cases.

In all proven cases of fraud, bribery or corruption, Local Authorities are expected to actively consider applying an appropriate sanction or prosecution. When considering whether it is appropriate to seek punitive sanctions against an individual suspected of fraud, the Council's Corporate Fraud Team will firstly consider if there is sufficient admissible evidence to provide a realistic prospect of applying such sanction successfully. The following factors are



to be considered:

- The availability of any documents that have been submitted without disclosure of material fact.
- Whether the parties involved have been given adequate opportunity to advise of the relevant details.
- The period of the fraud.
- Statements and evidence provided by the parties involved during the period of the investigation, including any voluntary disclosures.
- The availability of other reliable evidence.

It should be noted that voluntary disclosure only occurs when a claimant, of his or her own free will, reveals a fraud of which the Council were previously unaware. Disclosure will not be deemed voluntary when, for example, information obtained during normal verification procedures have solicited or prompted the disclosure in some way.

### ***Criminal Prosecution***

Once an investigation has revealed it is evidentially viable, the Corporate Fraud Team will consider if a recommendation to prosecute is in the public interest, taking into consideration the following factors (not all the factors will apply to each case, and there is no obligation to restrict consideration to the factors listed):

- The seriousness of the offence.
- Whether the offence is planned or systematic.
- Whether more than one person is involved.
- Previous history of the individual(s) and the likelihood of recurring conduct.
- Whether the fraud is widespread and/or prevalent.
- The age, physical and mental health of the parties involved (official written confirmation of relevant details may be sought from an appropriate medical professional).
- Social factors, for example the officer may take the view that the individual(s) may have committed the alleged fraud because of a stressful domestic situation. In most such cases the prosecution is likely to be recommended to go ahead and any factors such as these may be put to the court for consideration.
- Whether the specific details may become part of the public domain, which may harm sources of information and/or the reputation of the Council.
- Obstruction or lack of co-operation with the investigation on the part of the individual(s).
- The individual(s) is a persistent offender.
- Where the individual(s) has failed to attend an interview to give their account of the facts.
- The period of the offence.
- The value of the offence.
- Where the individual(s) has refused an official Penalty.
- Where the individual(s) involved in the fraud was in a position of trust, for example a member of staff.
- Where the prosecution may have a significant deterrent effect.
- Whether there have been any failings in Council administration processes that can be attributed to official error, this also includes unreasonable delays.
- Whether a prosecution will assist in the applying of other disciplinary or professional sanctions and the recovery of Council funds.

The advantages of criminal prosecution include the prospect of it potentially securing the co-operation of the alleged fraudster, repayment of the sums defrauded, and a general deterrent effect that can be created.

Potential barriers include a lack of willingness for the Crown Prosecution Service to pursue the case, the complexities associated with disclosure rules, the delays sometimes involved in pursuing criminal investigations and the challenges involved in securing compensation.

Whilst cases in which the calculated value of the fraud, bribery or corruption is £2,000 or over will be likely to lead to a recommendation to prosecute as a first option, cases where the overpayment is below £2,000 may still lead to a recommendation to prosecute as a first option. In both circumstances, the cases will be considered on their individual merits. It should be noted that the value of the offence is not the sole determining factor and there may be other factors that would still make prosecution appropriate.

The Corporate Fraud Team will submit the completed case file to the Head of Audit and Risk, who will decide which

further recommended action is appropriate, or whether to close the case. The final decision to recommend a case for prosecution will be made by the Head of Audit and Risk. This person should be satisfied that the investigation has been undertaken in an appropriate manner and that any decisions to offer a sanction takes into account the public interest test.

Cases that are deemed suitable for potential prosecution will be referred to the Council's Legal Services or the Crown Prosecution Service as appropriate, who will consider and review the recommendation to prosecute in accordance with the criteria set down in the Code of Conduct for Crown Prosecutions.

### ***Civil Action***

The Council is committed to take all necessary steps to recover any monies which have been lost as a result of fraud, bribery or corruption. Such steps will include consideration being given to obtaining voluntary repayment, negotiated settlements, obtaining compensation upon conviction (if applicable), or commencing civil proceedings under Part 5 of the Proceeds of Crime Act 2002.

If, during an investigation, there is evidence to show that the Council has suffered a significant financial loss, or that monies or other assets have been fraudulently misappropriated, it may be appropriate that applications need to be made to the civil courts for injunctive relief (e.g. freezing orders, restraint orders, or search orders) to preserve the proceeds of the fraud. In such circumstances the Corporate Fraud Team will notify the Head of Audit and Risk. This may result in recovery action commencing whilst the investigation continues.

Decisions regarding the most appropriate and proportionate method of protecting or recovering monies lost to fraud, bribery or corruption will be made following consultation between the Corporate Fraud Team, the Head of Audit and Risk, and the Council Legal Services Team at the earliest opportunity.

In any instances concerning the need for civil recovery proceedings to be commenced, the Corporate Fraud Team will seek immediate advice from the Council Legal Services Team. Costs associated with the recovery will be included in the claim submitted to the Court.

### ***Penalties as an alternative to prosecution***

Whilst recommending the pursuit of a criminal prosecution is an option for all fraud, bribery and corruption offences (as provided for by the Fraud Act 2006 and Bribery Act 2010), specific alternatives for consideration are available to the Council in the following instances:

#### Council Tax Reduction Scheme

From the 1 April 2013, Regulation 11 of the Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013, introduced financial penalties as an alternative to prosecution.

A Council Tax Reduction penalty is intended to be a meaningful deterrent and can only be considered where there is sufficient evidence to justify instituting criminal proceedings. A person who agrees to pay a penalty may withdraw the agreement within 14 days by notifying the billing authority.

A Council Tax Reduction penalty is the offer to a person to pay a financial penalty. The amount of the penalty is to be 50% of the amount of the excess reduction, subject to:

- A minimum amount of £100; and
- A maximum amount of £1,000.

The decision to offer a Council Tax Reduction penalty will be made by the Head of Audit and Risk after consultation with the Corporate Fraud Team.

A separate Council Tax Reduction penalty interview will be undertaken by a member of the Corporate Fraud Team, provided they have not dealt with any part of the investigation in relation to the case.

If a person declines or withdraws acceptance of a Council Tax Reduction penalty, legal proceedings will be considered in all cases.



## Council Tax –Discounts

Schedule 3 of the Local Government Finance Act 1992 details that a £70 penalty can be imposed on individuals who fail to supply information or notify a billing authority of any changes in respect of their eligibility to claim a discount on their Council Tax liability.

The decision to impose a Council Tax discount penalty will be made by the Head of Audit and Risk after consultation with the Corporate Fraud Team.

## Blue Badge Offences

The Blue Badge (Disabled Persons' Parking Scheme) was introduced under Section 21 of the Chronically Sick and Disabled Person's Act 1970. There is a wide range of legislation available to the Council in enforcing the Scheme, although the Council can be flexible in how these powers are used to address local circumstances and the merits of each case.

As an alternative to prosecution, simple misuse of a valid badge can be countered by the issue of a simple Penalty Charge Notice for any parking contravention.

The decision to impose a penalty charge in such circumstances will be made by the Civil Enforcement Officers.

Other offences, including fraudulent applications, using an expired, illegible, lost, or stolen badge, or a badge which they are not entitled to use, should be referred to the Corporate Fraud Team for further investigation. In such cases, the relevant applicable sanction will be decided at the conclusion of the investigation.

## ***Disciplinary Offences***

In situations where the alleged fraudster is an employee, the investigation will be conducted in accordance with the Council's Disciplinary Procedures in the first instance. The sanctions provided for by these procedures range from various levels of warning through to dismissal.

Decisions relating to internal disciplinary matters at all stages are fully documented within the Council's Disciplinary Procedures and will be adhered to as part of this Policy.

Where an individual is a full or accredited member of a professional or regulatory body, a decision will be taken by the Head of Audit and Risk, in conjunction with HR, on review of the completed case file, as to whether to make a referral to the relevant body, for their consideration for further punitive action.

## ***Parallel Sanctions***

The application of a criminal, civil, penalty, disciplinary or professional process may not be a stand-alone sanction.

There is no universal template for the application of sanctions in every case of proven fraud. In each individual case, it will be necessary to consider the full range of possible sanctions at the earliest opportunity and to review this on an on-going basis. The Council aims to combat fraud, bribery and corruption by seeking all available sanctions without any one potential sanction excluding or detrimentally affecting any other.

Investigations will be conducted so as to ensure the widest possible range of sanctions are considered and remain available throughout. Investigations will be fully completed before a decision is made on the appropriate sanction, or combination of sanctions to be applied.

It is not unusual for these sanctions be applied concurrently and to overlap. For example, where an employee is being investigated with a view to pursuing criminal proceedings, they may also simultaneously be the subject of disciplinary and professional sanctions arising out of the same set of circumstances. These investigations may be conducted separately, but it is important to ensure that one process does not compromise or undermine the other, and that interaction between the investigating officers and Human Resources is effective, lawful and appropriate.

It is often argued that disciplinary and civil proceedings should be delayed pending the outcome of any criminal proceedings on the grounds that to do otherwise may prejudice the individual concerned in some way. Arguments may be raised about a breach of human rights, particularly the right to a fair trial, and the potential for abuse of process. However, there is nothing to prevent a disciplinary process being commenced in circumstances where

criminal charges are being considered or a criminal investigation is in progress - as long as the process is conducted fairly, is in accordance with the Council's Disciplinary procedure, and the approach to collating the evidence does not compromise or undermine the criminal investigation.

During a disciplinary an employee can choose not to answer questions, but in the interests of acting fairly and reasonably they will be informed that the matter may be referred to the Corporate Fraud Team or the police for criminal investigation and that criminal proceedings may result. Under no circumstances will the impression be given to an employee that prosecution can be avoided if they elect to answer questions and co-operate during the disciplinary process. Where, during a disciplinary process, it becomes apparent that a fraudulent matter may be emerging, the situation will be reported to the Corporate Fraud Team or Head of Audit and Risk immediately, and it may be necessary to suspend the disciplinary proceedings.

Where an employee has been subject to disciplinary and/or civil proceedings it does not exclude them from criminal prosecution, and vice-versa.

The advantages of this parallel approach to applying sanctions include its flexibility, and the potential promotion of a potent deterrent message.

The Council recognises that criminal and disciplinary investigations have different purposes, have different standards of proof in determining guilt, are governed by different rules, and have different outcomes, and therefore it is important that the integrity of both processes is maintained in relation to the way evidence is gathered and maintained.

As a result, where parallel sanctions are pursued, the Corporate Fraud Team will liaise closely with the appointed Investigating Officers and Human Resources regarding the appropriate sharing of information, avoiding duplication of effort, and to ensure neither the evidence nor the case as a whole is compromised.

Where evidence of fraud exists following an investigation, it is therefore considered inappropriate to hold any available sanction in abeyance, whilst waiting for another sanction to proceed to conclusion.

### ***Applying Sanctions Consistently***

Each available sanction plays an equally important role in the creation and maintenance of a zero tolerance anti-fraud culture which is achieved through deterrence, prevention, detection and investigation.

The consistent use of an appropriate combination of sanctions, based on the individual merits of each case, is essential for the efficient investigation and prevention of fraud, bribery and corruption within the Council.

Where evidence of fraud, bribery or corruption is found, fully informed and proportionate decisions will be made consistently at the conclusion of an investigation, based on the evidence obtained, in order to recommend the most appropriate sanction(s) are applied against the individual(s) concerned.

### ***Equalities Statement***

The Council's Corporate Fraud Team will always act with regard to current pertinent legislation and without prejudice when executing the Council's procedures and policies.

The Corporate Fraud Team will ensure that all individuals suspected of fraud will receive clear and understandable correspondence regarding their legal rights and informing them of all the possible outcomes to an investigation.

The Council's sanction and prosecution processes will not discriminate for, or against, any individual according to gender, race, sexuality, gender identity, age, disability or belief.

## **Fraud Risk Management**

In order to assess the fraud risk faced by the Council, to inform the proactive work programme and the resource needed to address any issues, a risk assessment has been undertaken. This is based on a range of best practice guidance, the reported outcomes of the CIPFA Fraud and Corruption Tracker and operational knowledge of the organisation. The outcome of this risk assessment exercise is captured in the following risk register:

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Cyber	5	5	25	<ul style="list-style-type: none"> <li>Robust ICT policies in place.</li> <li>Software and hardware solutions implemented as required.</li> <li>Ability for the team to 'buy-in' specialist computer audit support where necessary.</li> <li>Good working relationship between the Corporate Fraud Team and ICT.</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>Implementation of the actions identified as part of the Strategic Risk Register.</li> </ul>	Head of ICT
Council Tax	4	5	20	<ul style="list-style-type: none"> <li>Participation in the NFI data matching exercise.</li> <li>Pre-employment checks undertaken to confirm debt and exemption status.</li> <li>Process in place to enable the Council Tax team and the public to make referrals of suspected fraud to the Corporate Fraud Team.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Fully participate in the National Fraud Initiative 20/21 exercise pursuing all high risks of Council Tax fraud.</li> </ul>	Corporate Fraud Team
Procurement and Creditors	5	5	25	<ul style="list-style-type: none"> <li>Six-monthly purchase card transaction report issued to Chief Officers by the Corporate Fraud Team to obtain assurance on expenditure.</li> <li>A cyclical programme of internal audits focusing on the key financial controls.</li> <li>Effective procurement controls in place to reduce the risk of a non-competitive market place.</li> <li>Segregation of duties in place</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Develop a programme of exception testing on creditor transactions to gain assurance that transactions undertaken are appropriate.</li> </ul>	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				enforced by system controls. <ul style="list-style-type: none"> <li>Corporate creditors function to ensure consistent application of controls.</li> </ul>					
Business Support and Local Discretionary Grant payments	4	5	20	<ul style="list-style-type: none"> <li>Separate Fraud Risk Assessment and payment policy in place.</li> <li>Local pre-payment checks undertaken on applications to verify business and bank account status.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Mandatory Post payment verification exercise to be undertaken via National Fraud Initiative.</li> <li>An audit review will be undertaken by Internal Audit during 2021/22.</li> </ul>	Corporate Fraud Team / Senior Auditor
Lack of capacity to proactively deal with corporate fraud	5	4	20	<ul style="list-style-type: none"> <li>Qualified corporate fraud team in place.</li> <li>The corporate fraud team and internal audit team report to the same Head of Service therefore facilitating the effective sharing of intelligence.</li> <li>Risk assessment of all referrals received to enable resource to be appropriately targeted.</li> <li>Attendance at the Greater Manchester Fraud Investigators Group to share best practice to help develop internal procedures.</li> <li>Participation in the National Fraud Initiative which enables data sharing across a number of public bodies therefore helping to focus resource appropriately.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Develop the use of IDEA file interrogation software within Corporate Fraud Team to enable targeting proactive resources for fraud and error testing.</li> <li>Pursue further opportunities for partnership working.</li> </ul>	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<ul style="list-style-type: none"> <li>Implemented joint working with the DWP on council tax/ benefit fraud investigation.</li> <li>Continued membership with National Anti-Fraud Network (NAFN)</li> </ul>					
Housing and Tenancy	4	5	20	<ul style="list-style-type: none"> <li>Assurances from Blackpool Coastal Housing that adequate controls are in place to identify potential fraudulent activity.</li> <li>Participation in the NFI exercise which covers social housing fraud.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Participation in the cross-departmental supported housing project to ensure good quality accommodation which is value for money.</li> </ul>	Corporate Fraud Team
Lack of fraud awareness by employees and residents	4	4	16	<ul style="list-style-type: none"> <li>Roll out of iPool fraud awareness course to all employees identified as mandatory.</li> <li>Fraud Awareness course completion rate currently at 90%.</li> <li>Ability for residents to refer fraud via <a href="http://www.blackpool.gov.uk">www.blackpool.gov.uk</a>.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Closer working with the Communications Team to develop a proactive programme for fraud communications to be made available to both internal departments and the local community.</li> </ul>	Corporate Fraud Team
Business Rate	4	4	16	<ul style="list-style-type: none"> <li>Procedures in place within the revenue service to prevent fraud.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Liaison with the Head of Revenues, Benefits and Customer Services to evaluate and identify further opportunities to mitigate fraud risk.</li> </ul>	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Money Laundering	4	4	16	<ul style="list-style-type: none"> <li>• Anti-Money Laundering Policy in place.</li> <li>• Anti-Money Laundering iPool course available to all employees.</li> <li>• Designated Money Laundering Reporting Officer and Deputy Money Laundering Officer in post.</li> <li>• Controls in place and due diligence undertaken by Business Loans Fund Panel.</li> </ul>	4	2	8		
Expenses	4	4	16	<ul style="list-style-type: none"> <li>• Claims cannot be paid without management authorisation.</li> <li>• All details of journeys need to be recorded and this can be checked back to diary entry / work activity.</li> </ul>	4	2	8		
Disabled Parking	4	4	16	<ul style="list-style-type: none"> <li>• Links in place between the Corporate Fraud Team, Civil Enforcement Officers and Customer First.</li> <li>• Participation in the NFI data matching exercise.</li> <li>• A programme of proactive exercises undertaken including the Civil Enforcement Officers and Corporate Fraud Team.</li> </ul>	4	2	8		

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Insurance	4	4	16	<ul style="list-style-type: none"> <li>• Participation by the fraud team in the highways risk management group.</li> <li>• Established relationships between corporate fraud, legal services and highways.</li> <li>• Reduced numbers of referrals received.</li> </ul>	4	2	8		
Inability to recover losses incurred due to fraud	4	4	16	<ul style="list-style-type: none"> <li>• Pursue civil, disciplinary and criminal sanctions.</li> <li>• Identify and recover all losses identified during the investigation process and recovery action sought through Proceeds of Crime Act (POCA), insurance, payroll and legal means.</li> <li>• Prosecution Policy in place.</li> </ul>	4	2	8		
Social Care	4	4	16	<ul style="list-style-type: none"> <li>• Specific fraud awareness training delivered to the Direct Payments Team.</li> <li>• Developed links with staff in Adult Services to facilitate the effective sharing of information relating to potential fraud.</li> <li>• Carried out a pilot exercise using NFI deceased data and this will be repeated annually going forward.</li> <li>• Work undertaken with the direct payments team to 'fraud proof' processes.</li> </ul>	4	2	8	-	-



Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Payroll, Recruitment and Pension	4	4	16	<ul style="list-style-type: none"> <li>• A cyclical programme of internal audits focusing on the key financial controls.</li> <li>• Participation in the NFI data matching exercise.</li> <li>• A suite of exception reports configured in the payroll system which are checked by payroll clerks on a monthly basis.</li> <li>• A suite of forms / eforms which require management authorisation before posts can be created / changes to posts actioned.</li> <li>• Segregation of duties between the HR and payroll team and through the use of the Local Government Pension Scheme.</li> <li>• Procedures in place to ensure that Recruiting Managers and HR undertake appropriate due diligence prior to appointing a new employee.</li> <li>• DBS checking process in place.</li> </ul>	4	2	8		
Manipulation of Data (financial and non-financial)	4	3	12	<ul style="list-style-type: none"> <li>• Annual internal audit and external audit programmes undertaken.</li> <li>• Performance management reporting in place.</li> </ul>	4	2	8		

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Investments	4	3	12	<ul style="list-style-type: none"> <li>Treasury Management Panel in place.</li> <li>Business Loans Fund Panel in place.</li> <li>External audit arrangements in place.</li> <li>Internal audits undertaken in this area.</li> </ul>	4	2	8		

# **Proactive Anti-Fraud Action Plan**

During 2021/22 the priorities in terms of proactive anti-fraud work are informed by the fraud risk assessment and are outlined in the following Action Plan.

It should be noted that whilst every effort is made by the team to deliver the proactive anti-fraud work programme this is sometimes delayed due to the need to respond to reactive fraud cases as and when they require investigation.

The Corporate Fraud Team is managed by the Head of Audit and Risk and comprises of three officers. In peak times there may be limited capacity to undertake all investigations and therefore referrals are risk assessed and prioritised accordingly. This may result in the investigation of some cases being delayed or low risk matters being dealt with via alternative methods.

<b>Action</b>	<b>Lead</b>	<b>Target Date</b>
Fully participate in the National Fraud Initiative 20/21 exercise pursuing all high risks of Council Tax fraud.	Corporate Fraud Team	March 2022
Develop a programme of exception testing on creditor transactions.	Corporate Fraud Team	March 2022
Mandatory post payment verification exercise in relation to Business Support Grants to be undertaken via National Fraud Initiative and an audit review will be undertaken by Internal Audit during 2021/22.	Corporate Fraud Team / Senior Auditor	March 2022
Develop the use of IDEA software within Corporate Fraud Team to enable targeting proactive resources for fraud and error testing.	Corporate Fraud Team	March 2022
Pursue further opportunities for partnership working.	Corporate Fraud Team	March 2022
Participation in the cross-departmental supported housing project to ensure good quality accommodation which is value for money.	Corporate Fraud Team	March 2022
Closer working with the Communications Team to develop a proactive programme for fraud communications to be made available to both internal departments and the local community.	Corporate Fraud Team	March 2022
Liaison with the Head of Revenues, Benefits and Customer Services to evaluate and identify further opportunities to mitigate fraud risk in relation to Business Rates.	Corporate Fraud Team	March 2022