

Appendix 8(a):

# Fraud and Error Prevention Charter 2023/24

Blackpool Council



## Overview

The Fraud and Error Prevention Charter sets out the Council's Anti-Fraud and Corruption Statement which outlines the Council's zero tolerance approach when dealing with fraud, error, bribery or corruption. It contains a current fraud risk assessment and associated proactive anti-fraud action plan based on best practice guidance from the Government Counter Fraud Professional Standards and the Chartered Institute of Public Finance and Accountancy (CIPFA), to ensure that the Charter takes account of current and emerging fraud threat, and focuses on identified 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 current Fighting Fraud and Corruption Locally Strategy (2020). This 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.
<p><b>PROTECTING ITSELF AND ITS RESIDENTS</b>            Recognising the harm that fraud can cause in the community.            Protecting itself and its' residents from fraud.</p>			

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

- **Culture** – creating a culture where fraud, bribery and corruption are unacceptable.
- **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 and error risk, and that is monitored by those charged with governance.
- **Competence** – having the right skills and standards commensurate with the full range of counter fraud, error, bribery and corruption activity.
- **Communication** – raising awareness both internally and externally, deterring fraudsters, sharing information, and celebrating success.
- **Collaboration** – working together across internal and external boundaries (with colleagues, other local authorities, and other external agencies), sharing resources, skills, learning, good practice, innovation, and information.

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

- Anti-Fraud and Corruption Statement.
- Sanctions and Prosecution Policy.
- Fraud Reporting and Measurement.
- Communication Plan.
- 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, error, 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 that all individuals, businesses and organisations dealing with the Council will act with integrity, and that Council employees at all levels will lead by example to prevent and detect fraud, error, 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

### ***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, and/or;
- Failing to disclose information when there is a duty to do so, and/or;
- Abuse of position."

Corruption is a serious criminal offence, as set out in the Bribery Act 2010. Corruption includes the offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members, officers or employees. 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 appropriate legislation including:

- The Fraud Act 2006.
- The 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 Computer Misuse Act 1990.
- The Regulation of Investigatory Powers Act 2000.
- Investigatory Powers Act 2016.
- The Criminal Justice Act 2003.
- Proceeds of Crime Act 2002 (POCA).
- Serious Crime Act 2015.
- The Public Interest Disclosure Act 1998 (Whistleblowing).
- The Human Rights Act 1998.
- The Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000.
- The Freedom of Information Act 2000.
- Government Security Classifications.

### ***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, functions and supporting Financial Regulations.

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

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, error, bribery or corruption and to be aware that unusual events, transactions or behaviours that could be indications of fraud (or attempted fraud) and corrupt practices. Fraud, error, 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, error, 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 or error subsequently be discovered.

Concerns should be reported to:

- Head of Service or Director.
- The Head of Audit and Risk.
- The Corporate Fraud and Investigations Team.
- 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. 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, any paperwork or other evidence.

All fraud, error, 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 any 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 and Investigations 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, error, bribery or 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, error, bribery or 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, error, bribery and corruption will vary, but the Council's response will be effective, organised and consistent with the principles laid down in current guidance, relevant legislation and the Fraud and Error Prevention Charter.

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

Where a referral to the Corporate Fraud and Investigations Team is investigated and fraud, error, 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 all appropriate sanctions as a deterrent measure against those who may consider committing fraud, bribery or corruption to misappropriate public funds. In instances where fraud, error, 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, error, 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 plays an equally important role in the creation and maintenance of an anti-fraud culture. The 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 or regulatory body for the matter to be dealt with externally by the relevant body.

The Council's approach to pursuing sanctions in cases of fraud, error, bribery or 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, error, 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, error, bribery or corruption will be sought in all appropriate cases.

In all proven cases of fraud, error, 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, error, bribery or corruption, the Council's Corporate Fraud and Investigations Team will firstly consider if there is sufficient admissible evidence to provide a realistic prospect of applying any 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 proven fraud, bribery or corruption.



- 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***

When an investigation has revealed it is evidentially viable, the Corporate Fraud and Investigations 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, error, bribery or corruption 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 investigating officer may take the view that the individual(s) may have committed the alleged fraud because of a stressful domestic situation. In the majority of such cases, it is likely to recommend that a prosecution be pursued, and any factors such as these may be put to the court for consideration.
- Obstruction or lack of co-operation with the investigation on the part of the individual(s) involved.
- 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 and 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.

The Corporate Fraud and Investigations 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 regarding sanctions 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, error, 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 and Investigations 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, error, bribery or corruption will be made following consultation between the Corporate Fraud and Investigations 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 and Investigations Team will seek immediate advice from the Council's 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. Any 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 and Investigations Team.

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

If a person declines or withdraws any 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 and Investigations 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 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, stolen badge, or a badge which they are not entitled to use, should be referred to the Corporate Fraud and Investigations 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 offender is an employee, an 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 written warning through to dismissal.

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

Where an employee 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, error, bribery or corruption. 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, error, bribery or corruption by considering all possible 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 any decision is made on the imposition of a specific, or combination of, appropriate sanctions to be applied.

It is not unusual for 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 also being considered, or where 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 either investigation.

During a disciplinary investigation 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 and Investigations 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 or erroneous matter may be emerging, the situation will be reported to the Corporate Fraud and Investigations Team or Head of Audit and Risk immediately, and it may become necessary to suspend the disciplinary proceedings.

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

The advantages of this parallel approach to applying sanctions includes its flexibility, and the potential promotion of potential deterrent messages.

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 and Investigations Team will ensure close liaison with the appointed Investigating Officers and Human Resources regarding appropriate sharing of information, avoiding duplication of effort, and to ensure that neither the evidence nor the case as a whole is compromised.

Where evidence of fraud, error, bribery or corruption 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, error, bribery and corruption within the Council.

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

### ***Equalities Statement***

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

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

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

## **Communication**

The importance of effective communication is recognised as being an integral part of raising fraud awareness, both internally to employees, and externally to the local community. It ensures that the Council's zero tolerance approach to fraud, error, bribery and corruption is upheld. Adequate and effective communication to both internal and external audiences is viewed as being a key element in ensuring that quality referrals regarding suspected fraudulent acts against the Council are received from both internal and external sources.

During 2022/23, the presence of the Corporate Fraud and Investigations Team on the internal Intranet 'SharePoint' site was updated and enhanced. The new pages ensure that all employees have easier access to current information in order to remain fraud aware, and to report any suspicions via the appropriate channels. Communication will continue to be targeted to employees via the news section of the Intranet 'SharePoint' site, staff newsletter and other available streams, to further raise fraud awareness within the Council.

Improvements to our external communication streams have also commenced. A work programme is underway to create more easily accessible and comprehensive fraud prevention pages on the Council's external website. Additional external communication streams (i.e. 'Your Blackpool' - both electronic and paper versions, officially

released Social Media posts, and the local press), will continue to provide fraud related information to our residents. Relevant content will be published at least quarterly, which will be driven by the Proactive Anti-Fraud Action Plan and the work being conducted by the Corporate Fraud and Investigations Team each quarter, such as activity relating to business rates and the Premium Single Person Discount exercise.

## **Fraud Reporting and Measurement**

To ensure transparency, the activity of the Corporate Fraud and Investigations Team is reported to the Audit Committee as part of the Audit and Risk Services Quarterly Report.

The way in which the fraud statistics will be reported for 2023/24 will reflect current categories of fraud risk. The data will combine the fraud and error overall totals for proactive and reactive work to give a clearer indication of success. An example of the table which will be used to report fraud and error statistics for 2023/24 can be seen in **Appendix 1**.

## **Resource**

The Corporate Fraud and Investigations Team is managed by the Head of Audit and Risk and comprises of four officers. This includes a bespoke role to undertake impartial internal disciplinary and grievance investigations, ensuring Council processes are applied in a fair and timely manner.

## **Fraud Risk Management**

A fraud risk assessment has been undertaken in order to assess the fraud risks faced by the Council, to inform the proactive anti-fraud work plan, and the resources needed to address any issues arising therefrom. This assessment is based on a combination of the latest Government Counter Fraud Professional Standards and Guidance, the outcomes of the latest CIPFA Fraud and Corruption Tracker, and local and operational knowledge of the organisation. A copy of the fraud risk assessment can be seen in **Appendix 2**.

## **Proactive Anti-Fraud Action Plan**

The below table sets out the priorities for proactive anti-fraud work during 2023/24 which have been informed by the fraud risk assessment. Delivery of the proactive anti-fraud action plan may be affected by the need to respond to reactive fraud and error referrals, as and when they arise. Additionally, in peak times, there may be limited capacity to undertake investigations into all reactive referrals. As a result, referrals received are risk assessed and prioritised accordingly. Consequently, the investigation of some cases may be delayed.

<b>Action</b>	<b>Lead</b>	<b>Target Date</b>
Fully participate in the National Fraud Initiative 2022/23 exercise, ensuring all high risk data matches are investigated, and pursue all areas relating to the Premium Service data matches in respect of Single Person Discount.	Corporate Fraud and Investigations Team	December 2023
Liaise with the Head of Revenues, Benefits and Customer Services to develop further opportunities to identify and mitigate fraud risk in relation to Business Rates.	Corporate Fraud and Investigations Team	September 2023
Undertake the mandatory post-payment assurance exercises in respect of paid Covid-19 Business Support Grants, by use of National Fraud Initiative 2022/23 data matches.	Corporate Fraud and Investigations Team	March 2024

Action	Lead	Target Date
Continued working with the Communications Team to further develop and publish a programme of quarterly awareness bulletins both internally and externally.	Corporate Fraud and Investigations Team	March 2024
Participation in the proposed national Blue Badge 'Day of Action', as and when announced.	Corporate Fraud and Investigations Team	March 2024
In conjunction with Revenues and Planning Enforcement, undertake a review of current Air BnB properties, to ensure properties are correctly classified and being charged appropriately.	Corporate Fraud and Investigations Team	June 2023
Develop the use of IDEA software within Corporate Fraud and Investigations Team to enable targeting proactive resources for fraud and error testing.	Corporate Fraud and Investigations Team	September 2023
Further develop an internal Corporate Fraud and Investigations procedure manual including how joint work is undertaken with the Police, DWP and other local authorities.	Corporate Fraud and Investigations Team	March 2024



## Appendix 2 –Fraud Risk Assessment 2023/24

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 and Investigations Team and ICT.</li> </ul>	5	4	20	Implementation of the actions identified as part of the Strategic Risk Register.	Head of ICT
Council Tax	5	5	25	<ul style="list-style-type: none"> <li>• Participation in the NFI 'Premium Service' 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 and Investigations Team.</li> </ul>	5	4	20	<p>Fully participate in the National Fraud Initiative 2022/23 exercise - pursuing all areas, but especially relating to the Premium Service Single Person Discount data matches.</p> <p>Develop a proactive exercise to identify any potential issues relating to existing employees Council Tax accounts.</p>	Corporate Fraud and Investigations 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 and Investigations Team to obtain assurance on expenditure.</li> </ul>	5	3	15	<p>Develop a programme of exception testing on creditor transactions to gain assurance that transactions undertaken are appropriate.</p> <p>Internal Audit undertaking a post implementation review of the new</p>	<p>Corporate Fraud and Investigations Team</p> <p>Head of Audit and Risk</p>

Appendix 8(a)

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>• 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 enforced by system controls.</li> <li>• Corporate creditors function to ensure consistent application of controls.</li> <li>• Participation in the 2022/2023 NFI data matching exercise.</li> </ul>				Finance system.	
Business Rates	4	5	20	<ul style="list-style-type: none"> <li>• Procedures in place within the Revenue Service to prevent fraud.</li> <li>• Classifications of properties currently determined by Valuation Office.</li> </ul>	4	4	16	Liaise with the Head of Revenues, Benefits and Customer Services to develop further opportunities to identify and mitigate fraud risk in relation to Business Rates.	Corporate Fraud and Investigations Team
Business Support and Local Discretionary Grant payments	4	5	20	<ul style="list-style-type: none"> <li>• Separate Fraud Risk Assessment and Post Event Assurance documents in place.</li> <li>• Local pre-payment checks undertaken on applications to verify business trading and bank account status.</li> <li>• Programme of post payment assurance underway.</li> <li>• An independent audit review undertaken during 2021/22.</li> </ul>	4	3	12	Mandatory Post payment assurance exercise to be completed using National Fraud Initiative Exercise 2022/2023 data matches.	Corporate Fraud and Investigations Team



Appendix 8(a)

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
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 2022/2023 NFI exercise which covers social housing fraud.</li> <li>Continued participation in the multi-disciplinary Supported Housing Project, to ensure due diligence is undertaken on prospective providers and that good quality, value for money accommodation is provided.</li> </ul>	4	3	12		Corporate Fraud and Investigations Team
Lack of fraud awareness by employees and residents	4	4	16	<ul style="list-style-type: none"> <li>iPool Fraud Awareness course available for all employees.</li> <li>Fraud Awareness course completion rates for employees identified as mandatory monitored and reported upon quarterly</li> </ul>	4	3	12	<p>A programme of quarterly awareness bulletins to be developed and published in conjunction with the Communications Team both internally and externally.</p> <p>Review current list of posts</p>	Corporate Fraud and Investigations Team

Appendix 8(a)

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				(currently at 86%). • Staff Intranet pages updated. • Year one of Communications Plan completed. • Ability for residents to easily refer suspicions of fraud and error via <a href="http://www.blackpool.gov.uk/Your-Council/Have-your-say/Corporate-fraud.aspx">www.blackpool.gov.uk/Your-Council/Have-your-say/Corporate-fraud.aspx</a> .				mandated to complete iPool Fraud Awareness Course.	
Money Laundering	4	4	16	• Anti-Money Laundering Policy in place. • Anti-Money Laundering iPool course available to all employees. • Designated Money Laundering Reporting Officer and Deputy Money Laundering Officer in post. • Access to dedicated Anti-Money Laundering information via the staff intranet. • Controls in place and due diligence undertaken by Business Loans Fund Panel.	4	2	8	Continue to promote the iPool Anti-Money Laundering course.	Head of Audit and Risk

Appendix 8(a)

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Disabled Parking	4	4	16	<ul style="list-style-type: none"> <li>• Links in place between the Corporate Fraud and Investigations Team, Civil Enforcement Officers and Customer First.</li> <li>• Participation in the 2022/2023 NFI data matching exercise.</li> <li>• A programme of proactive exercises undertaken including the Civil Enforcement Officers and Corporate Fraud and Investigations Team.</li> </ul>	4	2	8	Participation in the proposed national 'Day of Action', as and when announced.	<p>Corporate Fraud and Investigations Team</p> <p>Parking Services Manager</p>
Insurance	4	4	16	<ul style="list-style-type: none"> <li>• Close working relationships established between Corporate Fraud and Investigations, Legal Services and Highways, ensuring quality referrals are received.</li> <li>• Participation in the highways risk management group.</li> <li>• Reduced numbers of referrals received.</li> </ul>	4	2	8		Head of Legal Services

Appendix 8(a)

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Inability to recover losses incurred due to fraud	4	4	16	<ul style="list-style-type: none"> <li>Pursue all available civil, disciplinary and criminal sanctions.</li> <li>Identify and report all losses identified during the investigation process, and ensure the Council pursues all available legal recovery actions, including the Proceeds of Crime Act 2002 (POCA).</li> <li>Internal Sanctions and Prosecution Policy in place.</li> </ul>	4	2	8		Corporate Fraud and Investigations Team  Head of Legal Services  Head of Revenues, Benefits and Customer Services
Social Care	4	4	16	<ul style="list-style-type: none"> <li>Specific fraud awareness training delivered to the Direct Payments Team.</li> <li>Links developed with staff in Adult Services to facilitate the effective sharing of information relating to potential fraud.</li> <li>Work undertaken with the Direct Payments Team to 'fraud proof' processes.</li> </ul>	4	2	8	Consider opportunities to refresh bespoke training to both the Corporate Fraud and Investigations and Direct Payments Teams.	Corporate Fraud and Investigations Team  Director of Adult Services

Appendix 8(a)

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 teams 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		Exchequer Services Manager / Head of HR and Organisational Development
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		Head of Accountancy

**Appendix 8(a)**

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		Head of Accountancy
Air BnB	3	3	9	<ul style="list-style-type: none"> <li>• Classifications of properties currently determined by Valuation Office.</li> </ul>	3	2	6	In conjunction with Revenues and Planning Enforcement, undertake a review of current Air BnB properties, to ensure properties are correctly classified and being charged appropriately.	Corporate Fraud and Investigations Team