
Report To:	Audit Committee	Date:	6 June 2017
Report By:	Corporate Director Environment, Regeneration and Resources	Report No:	AC/06/17/SA/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	Anti-Fraud and Corruption Policy		

1.0 PURPOSE

- 1.1 The purpose of this report is to present to Members the recently revised and updated Anti-Fraud and Corruption Policy.

2.0 SUMMARY

- 2.1 It is the aim of the Council to provide excellent public services and it needs to ensure propriety and accountability in all matters. The Council considers that it has a duty to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a policy for the prevention and detection of fraud and corruption which provides a framework for:-

- encouraging fraud prevention;
- promoting detection;
- performing investigations; and
- provoking disciplinary and Police proceedings.

- 2.2 As a Council, we take part in the National Fraud Initiative, a major data sharing and matching exercise which makes a significant contribution to the security and transparency of public sector finances by confirming that services are provided to the correct people and by reducing fraud and error.

- 2.3 In addition, from October 2014 the DWP created a Single Fraud Investigation Service (SFIS) which includes the investigation of Housing Benefit fraud, previously carried out by the Council's Benefits Service, but excluded Council Tax Reduction which would remain with the Council. The Council's transfer date to SFIS was 1 February 2016. This provided an opportunity to review the future investigation of Council Tax reduction and overall arrangements for Corporate Fraud and a new team was established within Internal Audit.

- 2.4 The Anti-Fraud and Corruption Policy has been updated to reflect the above changes and also proposes the introduction of a Sanctions Policy for Council Tax Reduction Scheme and Non-Domestic Rates. A copy of the updated policy is set out at Appendix 1 to this report.

Appendix 1

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members approve the updated Anti-Fraud and Corruption Policy for adoption by the Council.

Scott Allan
Corporate Director Environment, Regeneration and Resources

4.0 BACKGROUND

- 4.1 Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population, providing services and financial assistance to all citizens including those that need them the most. Systems underpinning public spending can be complex and errors can happen. Unfortunately, there are also some individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.
- 4.2 It is the aim of the Council to provide excellent public services and it needs to ensure propriety and accountability in all matters. The Council considers that it has a duty to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a policy for the prevention and detection of fraud and corruption which provides a framework for:-
- encouraging fraud prevention;
 - promoting detection;
 - performing investigations; and
 - provoking disciplinary and Police proceedings.

5.0 CURRENT POSITION

- 5.1 As a Council, we take part in the National Fraud Initiative, a major data sharing and matching exercise which makes a significant contribution to the security and transparency of public sector finances by confirming that services are provided to the correct people and by reducing fraud and error.
- 5.2 In addition, from October 2014 the DWP created a Single Fraud Investigation Service (SFIS) which includes the investigation of Housing Benefit fraud, previously carried out by the Council's Benefits Service, but excluded Council Tax Reduction which would remain with the Council. The Council's transfer date to SFIS was 1 February 2016. This provided an opportunity to review the future investigation of Council Tax reduction and overall arrangements for Corporate Fraud and a new team was established within Internal Audit.
- 5.3 The Anti-Fraud and Corruption Policy has been updated to reflect the above changes and also proposes the introduction of a Sanctions Policy for Council Tax Reduction Scheme and Non-Domestic Rates. A copy of the updated policy is set out at Appendix 1 to this report.

6.0 IMPLICATIONS

Finance

- 6.1 There are no direct financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 6.2 The updated policy will ensure the Council's processes are consistent with key legislative requirements.

Human Resources

- 6.3 The updated policy will improve compliance requirements for employees on various aspects of the Code of Conduct and other key Council Policies.

Equalities

- 6.4 There are no direct equalities implications arising from this report.

Repopulation

- 6.5 There are no direct repopulation implications arising from this report.

7.0 CONSULTATIONS

- 7.1 Relevant officers have been consulted including HR, Legal and Finance.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 Audit Scotland Report: National Fraud Initiative June 2016



ANTI-FRAUD AND CORRUPTION POLICY

**Version 4.0
April 2017**

Document Control

Document Responsibility		
Name	Title	Service
IAAFCI	Anti-Fraud, Corruption and Irregularity Policy	Internal Audit

Change History		
Version	Date	Comments
1.0	January 2003	First version of document
2.0	June 2008	Full review of policy in line with changes in relevant legislation
3.0	October 2011	Review of policy in line with introduction of Bribery Act 2010
4.0	April 2017	Review of policy in line with the establishment of the Single Fraud Investigation Service, the Corporate Fraud Team and a new Sanctions Policy.

Distribution		
Name	Title	Location
Corporate Directors and Heads of Service		
Intranet		

1 Introduction

1.1 It is the aim of the Council to provide excellent public services and it needs to ensure propriety and accountability in all matters. The Council considers that it has a duty to protect itself and the public from fraud and corruption and is committed to the rigorous maintenance of a strategy for the prevention and detection of fraud and corruption, which provides a framework for:-

- Encouraging prevention;
- Promoting detection;
- Performing investigations; and
- Provoking disciplinary and Police proceedings.

1.2 This policy embodies a series of measures designed to deter any fraudulent or corrupt acts and the steps to be taken if such action occurs. For ease of understanding, it is separated into five areas as below:

Culture	Section 2
Prevention	Section 3
Deterrence	Section 4
Detection and Investigation	Section 5
Training	Section 6

1.3 Definitions

What is Fraud?

- Fraud is defined as the deliberate use of deception or dishonesty to disadvantage or cause loss (usually financial) to another party or person.

What is corruption?

- Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.
- The Bribery Act 2010 sets out more formally what could be considered an offence and includes:
 - a. Offering a bribe;
 - b. Being bribed; and
 - c. A corporate offence of failure to prevent bribery.

It will however be a defence if an organisation has “adequate procedures” in place to prevent bribery.

What is financial malpractice/irregularity?

- This term is used to describe any actions that represent a serious breach of accounting principles, financial regulations or any of the Council’s financial governance arrangements. They do not have to result in a personal gain.
- Irregularity is an action that does not completely follow the agreed standards, though it does not violate them. By itself, a single irregularity is of little consequence, but when many irregularities occur together, they may be signs of hidden fraud or misconduct.

2 Culture

- 2.1 The culture of the Council is one of openness and the core values of trust, honesty and accountability support this culture. A strong ethical culture embedded within the Council is a critical defence to combating fraud and corruption.
- 2.2 The Council is committed to making sure that the opportunity for fraud and corruption is minimised and adopts a '**Zero Tolerance**' approach to fraud and corruption.
- 2.3 The prevention or detection of fraud and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation. The Council strives to improve governance and encourage employees, elected Members and the public to be vigilant in the fight against fraud and corruption. Employees and elected Members are encouraged to engage and maintain a healthy sense of scepticism in relation to preventing and detecting fraud. The Council is committed to promoting and communicating its core values and integrity which are intrinsic to the Council in achieving their goals in combating fraud and corruption.
- 2.4 The Council's elected Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud regardless of seniority, rank or status, in the knowledge that such concerns will wherever possible be treated in confidence. The public also has a role to play in this process and should inform the Council if they feel that fraud or corruption may have occurred.
- 2.5 The Council aims to actively and continuously communicate the ethical values and principles it has established and nurtured to all employees, elected Members and the public in order that fraud and corruption is detected.
- 2.6 Concerns must be raised when Members, employees or the public reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- A criminal offence
 - A failure to comply with a statutory or legal obligation
 - Improper or unauthorised use of public or other official funds
 - A miscarriage of justice
 - Maladministration, misconduct or malpractice
 - Endangering an individual's health and/or safety
 - Damage to the environment
 - Deliberate concealment of any of the above
- 2.7 The Council will ensure that any allegations received in any way, including by anonymous letters, emails or telephone calls, will be taken seriously and investigated in an appropriate manner.
- 2.8 The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/Members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through Councillors' Code of Conduct procedures (Members).
- 2.9 When fraud or corruption has occurred due to breakdown in or absence of the Council's system of internal control, Corporate Directors will ensure that appropriate control improvements are implemented in order to prevent a re-occurrence.

2 Culture (Continued)

- 2.10 Internal Audit will liaise with Corporate Directors and relevant management to provide advice on the required changes to controls and procedures required to reduce the risks and prevent any re-occurrence.

3 Prevention

3.1 The Role of Elected Members

- 3.1.1 As elected representatives, all Members of the Council have a duty to the people of Inverclyde to protect the Council and public money from any acts of fraud and corruption.
- 3.1.2 This is done through the Anti-Fraud and Corruption Policy, compliance with the Councillors' Code of Conduct, the Council's constitutional documents, including Financial Regulations, Standing Orders and relevant legislation.
- 3.1.3 Elected Members sign to the effect that they have read and understood the Councillors' Code of Conduct when they take office. Conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. The Head of Legal and Property Services advises Members of new legislative or procedural requirements.

3.2 The Role of the Chief Executive and the Corporate Management Team

- 3.2.1 The Chief Executive and Corporate Management Team have responsibility for leading and managing the organisation, providing both strategic vision and ensuring sound operational management.
- 3.2.2 Inverclyde Council has developed and is committed to continuing with systems and procedures which incorporate efficient and effective internal controls and which include adequate separation of duties. Corporate Directors and Heads of Service have a responsibility to ensure these controls are properly maintained and documented.
- 3.2.3 The Council is required to conduct a review at least once a year of the effectiveness of its system of internal control, and publish an Annual Governance Statement with the annual financial statements. As part of the Annual Governance Statement Assurance process, Corporate Directors and Chief Officers are required to complete a self-assessment return on the level of compliance with the Local Code of Governance.

3.3 The Role of the Chief Financial Officer

- 3.3.1 The Chief Financial Officer has been designated statutory responsibilities as defined by S95 of the Local Government (Scotland) Act 1973. These responsibilities require every Local Authority to make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the Authority has responsibility for those affairs.

3 Prevention (Continued)

3.3 The Role of the Chief Financial Officer (Continued)

3.3.2 Under the Chief Financial Officer's responsibilities, proper administration encompasses all aspects of local authority financial management including:

- Compliance with the statutory requirements for accounting;
- Ensuring the Authority's responsibility for ensuring proper administration of its financial affairs;
- The proper exercise of a wide range of delegated powers;
- The responsibility for managing the financial affairs of the local authority in all its dealings;
- The recognition of the fiduciary responsibility owed to local tax payers.

3.3.3 Under these statutory responsibilities, the Chief Financial Officer contributes to the fraud and corruption framework for the Council.

3.4 The Role of the Monitoring Officer

3.4.1 Under the provisions of the Local Government and Housing Act 1989, Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Council decision making.

3.4.2 The Head of Legal and Property Services has been appointed as the Monitoring Officer and effectively serves as the guardian of the Council's Constitution and the decision-making process.

3.4.3 The Head of Legal and Property Services is responsible for advising the Council on the legality of its decisions and providing guidance to Members and officers on the Council's Constitution and its powers.

3.4.4 The Chief Executive also works closely with the Monitoring Officer and the Standards Commission to promote and maintain high standards of conduct and probity within the Council.

3.5 The Role of Managers

3.5.1 Managers at all levels are responsible for the communication and implementation of this Policy in their work area. They are also responsible for ensuring that their employees are aware of the Council's corporate policies and procedures, the Council's Financial Regulations and Standing Orders and that the requirements of each are being met in their everyday business activities. In addition, managers must make employees aware of the requirements of the Code of Conduct for Employees through the induction process.

3.5.2 Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. When they are unsure of the procedures they must refer to the relevant policies held on the intranet and the Whistleblowing Policy which provides a confidential reporting framework.

3 Prevention (Continued)

3.5 The Role of Managers (Continued)

3.5.3 The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether permanent or temporary posts. The Council's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history. As in other local authorities, Disclosure Scotland checks are undertaken for all employees and at an enhanced level for employees working or who may have contact with children or vulnerable adults and for officers in posts which have significant financial responsibility or the nature of the job requires a high level of public trust and confidence.

3.6 Responsibilities of Employees

3.6.1 Each employee is governed in their work by the Council's Standing Orders and Financial Regulations, and other policies on conduct (Code of Conduct for Employees, Health and Safety, Acceptable Use of Information Systems Policy and ICT Security policies). Included in the Council's Code of Conduct for Employees are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflict of interest. These are issued to all employees when they join the Council or are available to all on the intranet.

3.6.2 Employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Council. For the purposes of this policy, the definition of assets extends to customer information.

3.6.3 Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management. If for any reason they feel unable to speak to their manager they must refer the matter to one of those named below.

3.6.4 Concerns must be raised in the first instance, directly with the Supervisor/Service Manager/Head Teacher/Head of Establishment or if necessary, anonymously (letter, telephone or on-line form) and via other routes, by the Council's Whistleblowing Policy eg:

- Heads of Service, Corporate Directors, the Chief Executive, the Chief Financial Officer or the Council's Monitoring Officer, who will report such concerns to the Chief Internal Auditor or Senior Corporate Fraud Investigator.
- Directly to the Chief Internal Auditor or Senior Corporate Fraud Investigator.
- Confidential Reporting/Whistleblowing Hotline.

3.7 Suppliers, Contractors and External Organisations

3.7.1 The council expects all of its partners that it deals with to act with honesty and integrity. The council will similarly act at all times on the same basis.

3 Prevention (Continued)

3.8 Conflicts of Interest

3.8.1 Both elected members and employees must ensure that they avoid situations where there is potential for a conflict of interest. Such situations can arise for example, with outsourcing/externalisation of services, internal tendering, planning and land issues. Effective separation of duties will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

3.9 Role of Internal Audit

3.9.1 Internal Audit within the Environment, Regeneration and Resources Directorate plays a vital role in assessing the adequacy and effectiveness of systems and procedures that are in place to prevent and deter fraud and corruption. The Corporate Fraud team within Internal Audit investigates all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations (see 3.10 below) in accordance with agreed procedures. Within the Financial Regulations, representatives of Internal Audit are empowered to:

- Enter at all reasonable times any Council premises or land;
- Have access to all records, documents and correspondence relating to any financial and other transactions of the Council, where such access is necessary to investigate the financial propriety of the transaction;
- Require and receive such explanations as are necessary concerning any matter under examination; and
- Require any employee of the Council to produce cash, stores or any other Council property under his control which is relevant to any investigation being carried out.

Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Council.

3.10 Role of the Department for Work & Pensions (DWP)

3.10 The Department for Work & Pensions has the responsibility for conducting Housing Benefit fraud investigations through the creation of the Single Fraud Investigation Service. Arrangements are in place for fraud referrals from the Council to be securely sent to the DWP for investigation.

3.11 The Role of External Audit

3.11.1 Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by the Auditors appointed by the Accounts Commission through specific reviews that are designed to test, amongst other things, the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption and the arrangements designed to limit the opportunity for corrupt practices. The Council is fully committed to implementing changes to working practices that are identified as necessary to improve our controls.

3 Prevention (Continued)

3.12 Co-operation with Others and Data Matching

- 3.12.1 Arrangements are in place to encourage the exchange of information between the Council and other agencies such as other Local Authorities, DWP, Pensions Fund and the Police etc.
- 3.12.2 Through the National Fraud Initiative, the Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is carried out in full compliance with the Data Protection Act 1998 and with the Audit Commission's Code of Data Matching Practice.
- 3.12.3 The Council is also a member of the National Anti-Fraud Network (NAFN) which provides data, intelligence and best practice services for all teams within member organisations. Information received via NAFN alerts is shared with relevant services within the Council.

4 Deterrence

4.1 Disciplinary Action

- 4.1.1 Theft, fraud and corruption are serious offences against the Council and employees will face disciplinary action if there is evidence that they have been involved in these activities. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case but in a consistent manner.
- 4.1.2 Members will face appropriate action under this Policy if they are found to have been involved in theft, fraud or corruption against the Council. Such instances will be referred in the first instance to the Chief Executive and/or appropriate Group Leader.
- 4.2 The Council has developed a Sanctions Policy in relation to fraud and corruption related to Council Tax Reduction Scheme and Non-Domestic Rates. A copy of this policy is attached at Appendix 1.

5 Detection and Investigation

- 5.1.1 Internal Audit's Corporate Fraud team plays an important role in the detection of fraud and corruption. Included in the annual plan are reviews of system financial controls and specific corporate fraud reviews.
- 5.1.2 In addition to Corporate Fraud, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection.
- 5.1.3 In some cases, frauds are discovered by chance or "tip-off" and arrangements are in place to enable such information to be properly dealt with.
- 5.1.4 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern is raised or by the originator to the Chief Internal Auditor or the Senior Corporate Fraud Investigator as per paragraph 3.6.4 (the Council's Whistleblowing Policy).

5 Detection and Investigation (Continued)

5.2 This process will apply to the following areas:

- a) fraud/corruption by elected member
- b) internal fraud/corruption
- c) other fraud/corruption by Council employees
- d) fraud by contractors' employees
- e) external fraud (the public)

5.3 Cases under (d) or (e) would normally be referred directly to the External Auditor or Police. Cases under (a) in respect of the Councillors' Code of Conduct may be referred to the Standards Commission in addition to the External Auditor and/or the Police.

5.4. Depending on the nature of an allegation under (b) to (e), the Chief Internal Auditor will normally work closely with the Corporate Director concerned to ensure that all allegations are thoroughly investigated and reported upon. Where appropriate, recoveries of financial losses will be made on behalf of the Council.

5.5 A decision to refer a case to the Police will be taken by the Chief Executive and the Monitoring Officer in consultation with the Chief Internal Auditor and the relevant Corporate Director where appropriate.

5.6. Where Internal Audit's Corporate Fraud investigations indicate improper behaviour by employees, the Council's disciplinary procedures will be used to facilitate a thorough investigation of any allegations.

5.7. The Regulation of Investigatory Powers (Scotland) Act 2000

5.7.1 The Council may undertake surveillance in order to gather evidence in respect of any allegations of fraud and corruption. All surveillance operations will be undertaken legally, in accordance with the legislation, and where it is proportionate and justified to do so.

6 Awareness and Training

6.1 The Council recognises that the continuing success of this Policy and its general credibility will depend in part on the effectiveness of training and awareness for Members and employees.

6.2 To facilitate this, the Council supports induction training for employees. For employees involved in internal control systems, this process will highlight their duties and responsibilities in this respect.

6.3 In addition, Corporate Directors and Service Managers are responsible for communicating this policy to all staff within their relevant Service and ensuring that all staff have read and understood the Policy.

6.4 The investigation of fraud, corruption and irregularity centres on the Council's Internal Audit, Corporate Fraud Team. It is essential therefore that employees involved in this work should be properly and appropriately trained to carry out such investigations. Adequate internal audit resources will be made available to ensure that this remains.

7 Conclusion

- 7.1 The Council has in place a network of systems and procedures to assist it in dealing with fraud, corruption and irregularity when it occurs. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent, corrupt or irregular activity that may affect its operation.
- 7.2 The Council will maintain a continuous review of all these systems and procedures through Internal Audit.
- 7.3 This Policy will be reviewed on a regular basis, with a maximum of four years between each review.

Related Documents

- Financial Regulations
- Standing Orders
- Scheme of Delegation
- Disciplinary and Grievance Procedures
- Councillors' Code of Conduct
- Code of Conduct for Employees
- Registers of Interests
- Registers of Gifts and Hospitality
- Internal Audit Fraud Procedure Guidelines
- Whistleblowing Policy
- Complaints procedures



**CORPORATE FRAUD SANCTIONS POLICY
FOR COUNCIL TAX REDUCTION SCHEME
AND NON-DOMESTIC RATES**

APRIL 2017

VERSION 1.0

Document Control

Document Responsibility		
Name	Title	Service
CFSP	Corporate Fraud Sanctions Policy	Internal Audit

Change History		
Version	Date	Comments
1.0	April 2017	First version of document

Distribution		
Name	Title	Location
Corporate Directors and Heads of Service		
Intranet		

CORPORATE FRAUD SANCTIONS POLICY

1. Introduction

- 1.1 Inverclyde Council has an Anti-Fraud and Corruption Policy which sets out the framework for the prevention and detection of fraud and corruption.
- 1.2 This document is complementary to that policy and outlines the approach to be followed with regard to the sanctions and prosecutions in relation to the following fraud areas:
- Council Tax Reduction Scheme
 - Council Tax Fraud (discounts and exemptions)
 - Non-Domestic Rates Fraud
- 1.3 Recoveries of any financial losses to the Council which occur as a result of the above will be pursued regardless of any sanction or prosecution being applied.
- 1.4 Fraud committed in any other area of Council work will be reported to the relevant Corporate Director and appropriate action will be discussed with the Monitoring Officer and the Chief Executive in line with the Anti-Fraud and Corruption Policy.

2. Aims and Objectives

- 2.1 In all cases of fraud, local authorities are expected to actively consider applying a sanction or prosecution.
- 2.2 In making the decision as to whether to apply a sanction or prosecution, the appropriate Corporate Fraud Officer shall in each case be fair and consistent and consider each case on its own merits, taking account of evidence available.
- 2.3 When considering the suitability of a case for prosecution, Inverclyde Council will apply two tests – the evidential test and the public interest test:

2.3.1 Evidential Test

This test considers whether:

- There is enough evidence to provide a realistic prospect of conviction;
and
- The evidence is reliable and can be used in court.

Where this test is satisfied, Inverclyde Council will consider the public interest test.

CORPORATE FRAUD SANCTIONS POLICY

2. Aims and Objectives (Continued)

2.3.2 Public Interest Test

Inverclyde Council will consider public interest factors to determine whether to prosecute an offender or consider whether an alternative course of action may be more suitable:

- The seriousness of the offence;
- The duration of the offence;
- The amount overpaid during the period of the offence;
- Whether the offence was planned or is systematic;
- Whether more than one person is involved;
- Previous history and likelihood of recurring conduct;
- Age, physical and mental health of the parties involved;
- Obstruction/lack of co-operation with the investigation;
- Persistent offender;
- Where the alleged offender has failed to attend an interview to give their account of the facts;
- Where the person 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; and
- Whether there have been any failings in the administration processes that can be attributed to official error, this also includes unreasonable delay.

3 Sanction Consideration

3.1 The Corporate Fraud Officer will complete a sanction consideration form in each case where a potential council tax reduction, council tax discount/exemption or non-domestic rates fraud has been established. This will be countersigned by the Chief Internal Auditor and issued to the Revenues and Customer Services Manager who will decide based on the evidence whether any overpayment is to be classified as fraudulent. If it is decided that there has been deliberate misrepresentation of circumstances in a case or a deliberate failure to notify a change of circumstance, the Revenues and Customer Services Manager will consider the option of reporting the perpetrator(s) to the Procurator Fiscal to consider prosecution.

3.2 The final decision on applying a sanction will be made by the Chief Financial Officer after taking account of the factors of the evidential test and the public interest test.

The following sanctions will be considered:

- Issue a warning letter;
- Impose a financial penalty;
- Referral to the Procurator Fiscal; and/or
- Referral to HR (employee fraud)

CORPORATE FRAUD SANCTIONS POLICY

3 Sanction Consideration (Continued)

Warning Letter

This will be issued in circumstances where after taking account of the sanction consideration factors it has been deemed adequate and proportionate to issue a warning letter.

Financial Penalty

In respect of Council Tax, a financial penalty may be levied where further information is requested but not supplied or false information is supplied in relation to the request.

Referral to Procurator Fiscal

The Revenues and Customer Services Manager will review each case and if deemed appropriate for prosecution will refer the case to the Chief Financial Officer to authorise a referral to the Procurator Fiscal. The case will then be presented to the Chief Executive and the Council's Monitoring Officer for final approval of the referral.

The Corporate Fraud Officer will then submit an external report to Police Scotland detailing the case summary along with all evidence gathered including all witness statements.

Police Scotland will then consider reporting the circumstances to the Procurator Fiscal through their online reporting procedures. The Procurator Fiscal will subsequently decide on whether to prosecute or not. The Procurator Fiscal may decide to impose a fiscal fine/fiscal warning letter as an alternative to prosecution.

Referral to HR (Employee)

In circumstances where fraud has been established and the employee has been issued with a warning letter or reported to the Procurator Fiscal, the Corporate Fraud Officer will provide HR with a report detailing the facts of the investigation to enable HR and the relevant Service to consider any potential disciplinary action deemed appropriate.

4 Publicity

- 4.1 Press releases will be issued in suitable cases where a conviction has been obtained in order to maximise the deterrent effect and raise the level of public fraud awareness.
- 4.2 Consideration will be given to the amounts involved, the nature of the offence, the public interest and the deterrent value of publicising a particular case.

5 Review of Policy

As a minimum the policy will be reviewed at least every 4 years in conjunction with the Anti-Fraud and Corruption Policy.