Fraud Prevention Policy

Implementation date: 29 April 2025

Control schedule

Approved by	Finance and Resources Committee
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Senior Responsible Officer	Dr Deborah Smart, Corporate Director of Corporate Services
Author	Richard Lloyd-Bithell, Service Director – Finance and Procurement
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Version control

Version	Date	Author	Comment
0.1	July 2021		Updated to reflect organisational structures
0.2	March 2025	Richard Lloyd-Bithell, Craig Fraser	Updated to reflect revised structures and procedures – supersedes previous version
0.3	August 2026	Richard Lloyd-Bithell, Craig Fraser	Updated to reflect the Economic Crime and Corporate Transparency Act 2023 failure to prevent fraud requirements

Subsequent committee decisions affecting this policy

Date	Committee	Link to report	Link to minute

Fraud Prevention Policy

1. Policy statement

1.1 The City of Edinburgh Council (the Council) is committed to safeguarding public funds and maintaining the highest standards of probity. To fulfil this commitment, there is no acceptable level of fraud or corruption.

1.2 The Council is also committed to preventing fraud committed by persons acting on its behalf where such activity could benefit the organisation. In line with the Economic Crime and Corporate Transparency Act 2023, the Council will maintain reasonable and proportionate procedures to prevent fraud in line with relevant UK Government guidance.

1.3 The Fraud Prevention Policy outlines the Council's approach to fraud and corruption; the Council's commitment to creating an anti-fraud culture; and to maintaining high ethical standards in its administration of public funds. The Council's approach reflects the key principles of proportionate procedures, top-level commitment, risk assessment, due diligence, communication and training, and monitoring and review.

1.4 It forms part of the Council's wider framework to prevent, detect and respond to fraud involving employees, elected members, contractors and other associated persons.

1.5 This Policy is also supported by the Council's Fraud and Serious Organised Crime Framework which sets out the governance arrangements in place at the Council to help prevent and respond to fraud and corruption activities affecting the organisation, its clients and the city.

1.6 The Council is committed to protecting public funds by securing our administrative processes through robust working methods and procedures and by promoting an environment that actively encourages the highest principles of honesty and integrity.

1.7 This Policy is not intended to replace any other statutory reporting procedures operated by the Council.

1.8 This policy is intended to complement and link to other Council policies which are outlined in Appendix 3.

2. Scope

2.1 The City of Edinburgh Council's Fraud Prevention Policy (and associated policies, management arrangements and guidance) applies to all employees and workers, premises and activities falling, to any extent, under the Council's control. In addition, the Policy extends to elected members and third parties who interact with

Council services but are not employees, such as members of the public, contractors and service users.

2.2 The Council can be exposed to fraud and corruption through a variety of internal and external sources. Potential types of fraud are set out at Appendix 1 and 2.

3. Definitions

3.1 The term ‘fraud’ is commonly used to describe a wide variety of dishonest behaviour such as deception, forgery, false representation, theft, embezzlement, bribery and concealment of material facts. Fraud can be perpetrated by persons outside as well as inside an organisation and by collusion. The Council defines fraud as the use of deception with the intention of obtaining personal gain, helping someone else to gain, avoiding an obligation or causing loss to another party.

3.2 Fraudulent acts may include:

- **Financial issues** – for example, where a colleague(s) has fraudulently obtained money from the Council (paying or creating invalid invoices, Housing Benefit or Council Tax Reduction, Discretionary Housing Payment or Scottish Welfare Fund-related fraud, inflated expense claims, false overtime claims) or has assisted a third party to obtain money from the Council
- **Systems issues** – for example, where a process or system exists which is misused by colleague(s) (planning applications, tendering arrangements, procurement processes)
- **Equipment issues** – for example, where Council equipment is misused for personal use (vehicles, phones, computers, machinery)
- **Asset issues** – for example, where there is a misuse of resources (false ordering or accounting, improper acquisition or use of materials or equipment)
- **Other issues** – for example, where a colleague(s) breaks the law or financial procedures, receives hospitality which is not permitted by the Council’s Employee Code of Conduct or supplies confidential information to gain financially as a result of their office or official duties.

3.3 The **National Fraud Initiative (NFI)** is a counter-fraud exercise which aims to prevent and detect fraud. The exercise operates across the UK public sector and includes 132 public bodies in Scotland. The NFI shares and matches data held by public bodies and helps confirm that services and payments are provided to the correct people.

4. Policy content

4.1. Dishonesty harms the Council and the reputation of its colleagues. Colleagues have an important and valuable role to play in preventing and tackling fraud in the workplace. All colleagues 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.

4.2. Corporate Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership have the responsibility to put in place frameworks for the prevention and detection of fraud and regularly evaluate the effectiveness of these arrangements. It is often the alertness of colleagues to the possibility of fraud, which assists detection. Allegations and complaints are key sources of investigation regarding fraud.

4.3. As a large, multi-service provider employing many colleagues, the Council is aware that opportunities exist for fraudulent activity to take place. This activity can take many forms, may be large or small scale and could:

- be illegal
- be in breach of the Council's policies or procedures
- fall below established standards or practices, and/or
- amount to misconduct or gross misconduct.

4.4. The Council is committed to ensuring that the opportunity for fraud is reduced as far as is reasonably practicable and a Policy on Fraud Prevention is essential to this aim.

4.5. The Council will actively support and foster relationships with the Police and other external agencies as necessary to combat fraud. Where the Council suspects that criminal activity has occurred, it will refer this directly to the Police.

4.6. The Council is fully committed to ensuring that Housing Benefit, Council Tax Reduction, Scottish Welfare Fund or Discretionary Housing Payment assistance is awarded only to those claimants who have an entitlement. However, allegations of Housing Benefit fraud are dealt with by the Department for Work and Pensions.

4.7. The Council is committed to working and co-operating with other organisations to prevent organised fraud. Wherever possible, subject to data protection obligations, the Council will be prepared to help and exchange information with other Councils and public bodies to deal with fraudulent activity.

4.8. The Council participates in Audit Scotland's National Fraud Initiative (NFI). This is a comprehensive data matching exercise that operates over a two-year rolling period and compares information held by public bodies. To maximise the efficiency of this activity a review of the Council's internal controls and the National Fraud Initiative database is undertaken.

4.9. The Council expects elected members, colleagues, suppliers and contractors to lead by example in combating fraud and to report all suspected or detected fraud activity. In addition, all colleagues must adhere to the standards of personal conduct and behaviour outlined in both the Council's Employee Code of Conduct and the Disciplinary Code.

4.10. The Council expects Corporate Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership to deal firmly and quickly with any employee who is found to be involved in fraudulent activity. The Chief Executive, Corporate Director of Corporate Services, Monitoring Officer, Head of Internal Audit and/or Head of the Council's Employment Law and Investigations Team will refer matters to the Police if they suspect criminal fraudulent activity is being planned or has taken place.

5. Implementation

AWARENESS AND COMMUNICATION - PREVENTING FRAUD

Identifying fraud

5.1 External and internal fraud is not always easy to identify. Often suspicion may be raised but it is not acted upon and reported. Fraud is often committed where there is:

- **Opportunity** to commit fraud. This is where internal controls are weak and access to assets and information allows fraud to occur.
- **Rationalisation** (in the mind of the individual) that justifies fraudulent behaviour. This can be for a variety of reasons.
- **Motivation** or a need to commit fraud. This can be for financial reasons or other factors (e.g. coercion). The Council's internal policy on workforce domestic abuse contains guidance on providing support for victims or survivors of domestic abuse. See below for information on how to report possible fraudulent activity.

Indications of fraud

5.2 We must always be alert to the risk of fraud. Indications of possible **external** fraud include:

- photocopies of documents when originals would be expected
- adjusted or modified documents
- discrepancies in information, e.g. signatures and dates
- unexpected queries from stakeholders or suppliers, e.g. bank account detail changes
- requests for non-standard types of payment
- unexpected trends or results, e.g. from reconciliations.

5.3 Indications of possible **internal** fraud include:

- evidence of excessive spending by colleagues in cash/contract work
- unusually close or friendly relationships with suppliers
- reluctance of colleagues to take leave
- adjusted or modified documents
- undue possessiveness of, or anomalies between, work records
- pressure from colleagues to avoid normal control procedures
- abnormal travel and subsistence claims, overtime or flexible working hour patterns.

5.4 The danger signs highlighted above are not exhaustive and any indication or observation of possible fraudulent activity should be reported. See below for information on how to report possible fraudulent activity.

Fraud Risk Assessments

5.5 The Council will undertake at least annual documented risk assessments of its exposure to fraud risks. These assessments will consider the nature of activities, delivery models (including partnerships and Arm's Length External Organisations, and emerging issues such as digital and cyber enabled fraud.

5.6 Services are responsible for completing at least annual fraud risk assessments to identify and assess fraud risks within their areas and ensuring that appropriate mitigating controls are in place. These assessments will be reviewed regularly by services and assurance on the effectiveness of the process provided by Internal Audit.

5.7 The Council has developed a fraud risk assessment toolkit and supporting guidance which is available on the Orb. Support in conducting a fraud risk assessment can be provided by the Corporate Risk Team.

5.8 Examples of potential fraud scenarios which should be considered as part of fraud risk assessments is provided in Appendix 1 and 2.

Reporting fraud

5.9 Corporate Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership have the responsibility for the prevention and detection of fraud. It is often the alertness of colleagues to the possibility of fraud, which assists detection. Allegations and complaints are key sources of investigation regarding fraud.

5.10 The Council works in partnership with the Trade Unions to ensure that all colleagues and members are aware of the policy and how to report allegations of fraud.

What should you do if you suspect fraud?

5.11 You are responsible for acting professionally if you have a concern regarding fraud, including an expectation on you to report suspected fraud.

5.12 Colleagues are expected to be aware of the possibility that fraud may exist in the workplace and to share any concerns with management. If you have a reasonable belief that fraud has occurred, you must raise these concerns.

5.13 You should raise concerns with your immediate manager in the first instance. If that is not appropriate or if your concerns are very serious, you can report it via one of the following:

- possible fraud online reporting form
- Internal Audit via internalaudit@edinburgh.gov.uk

- Whistleblowing via Safecall
- the Corporate Director of Customer and Corporate Services or
- the Chief Executive.

5.14 If fraud is reported to line managers, they must report the matter to:

- Internal Audit via internalaudit@edinburgh.gov.uk and
- the Corporate Director of Customer and Corporate Services or
- the Chief Executive.

5.15 Colleagues should raise any concerns that they may have, without fear of recrimination. Such concerns will be treated in the strictest confidence and will be properly investigated.

5.16 Reporting suspected or actual fraud ensures:

- where appropriate, suspected cases of fraud are investigated properly
- where appropriate, a disciplinary investigation is undertaken
- there is a consistent, standardised and transparent process for dealing with and recording all suspected cases of fraud
- the proper implementation of a structured response to any suspected or detected act of fraud.

5.17 Where you suspect or have detected potentially fraudulent activity, the Council expects you to raise any concerns without delay. Failure to do so would likely be considered a disciplinary matter.

Vigilance

5.18 Managers have the responsibility for ensuring their systems are sound and that they operate as intended. This includes implementing systems and controls to prevent fraud occurring.

5.19 Colleagues also have a responsibility to ensure they understand these systems and controls and are raising any concerns.

5.20 Both internal and external auditors have a role in carrying out periodic independent reviews of systems and the adequacy of the controls in place.

5.21 Many cases of fraud occur because of a failure to comply with existing controls. Therefore, it is essential that robust control systems are supported by supervisory checking and being alert to the risks of fraud.

Training and Communication

5.22 The Council will maintain a proportionate fraud awareness programme that supports compliance with the Economic Crime and Corporate Transparency Act 2023, including the requirement to implement reasonable procedures to prevent fraud. This will include core fraud awareness learning modules for all colleagues.

5.23 Fraud awareness information, guidance and reporting routes will be made readily accessible via the Council's intranet and website alongside regular and targeted

communications to reinforce key messages, promote a strong anti-fraud culture and ensure colleagues remain alert to fraud risks and are confident in raising concerns.

INTERNAL CONTROLS

Separation of Duties

5.24 The opportunity for fraud must be reduced wherever possible. Allocating responsibility for too many functions to one person can create a high risk of fraud and must be avoided. The risk of fraud can be reduced by ensuring the proper separation of duties so that, for example, more than one person must be involved in ordering, receiving and authorising payments for goods and services.

5.25 The separation of key functions forms an integral part of systems control and is essential in minimising the potential scope for irregularity by colleagues acting on their own. The need for proper separation of duties applies as much to systems for awarding and managing grants as it does to procurement procedures.

5.26 Without adequate separation of duties, the effectiveness of other control measures is undermined. Where resources are limited and separation of duties is not possible, alternative management controls must be employed, such as evidenced supervisory checking.

Prevention and Detection

5.27 Appropriate preventative and detection controls must be put in place to counter the risk of fraud. Procedures set up to prevent and detect fraud must be proportionate to the risk involved and be carefully followed and monitored. Controls should be risk-based, documented and consistently applied with enhanced measures in higher-risk areas such as procurement, payroll, grants and third-party delivery arrangements.

5.28 Preventative controls are designed to limit the possibility of fraud occurring. Detection controls are designed to spot errors, omissions and fraud after the event. Support for managers in establishing appropriate controls is provided by Finance and Internal Audit.

5.29 Managers with responsibility for awarding contracts, paying invoices, authorising additional salary payments or expenses, recruiting, authorising grants and other financial transactions must ensure they have clear control procedures. It is important that:

- there is an adequate separation of duties and proper authorisation processes
- colleagues dealing with these procedures are familiar with them
- accounting and other records, such as cash balances, bank balances and physical stock counts, are reconciled.

THIRD PARTIES AND ASSOCIATED PERSONS

5.30 The Council will apply proportionate and risk-based due diligence to third parties and associated persons acting on its behalf, including contractors, suppliers and delivery partners. This may include pre-engagement checks, contractual requirements relating to fraud prevention and ongoing monitoring of higher-risk relationships.

5.31 Where you suspect or have detected potentially fraudulent activity, the Council expects you to raise any concerns without delay. Failure to do so would likely be considered a disciplinary matter.

This policy along with the Whistleblowing Policy, the Anti-Bribery Policy and Procedure and the Employee Code of Conduct form a regulatory suite of provisions. These are intended to complement each other by creating a comprehensive package of employee and management responsibilities and employee rights.

TAKING ACTION

5.32 The action taken by the Council will depend on the nature of the concern. The matters raised may be:

- investigated internally
- referred to the Police
- referred to the external auditor or
- form the subject of an independent inquiry.

5.33 The Accounts Commission also has powers to request or carry out an investigation into fraud.

5.34 The Council is also committed to investigating all apparent fraud matches produced from the bi-annual Audit Scotland National Fraud Initiative report.

5.35 When the possibility of fraud is the subject of a report or a disclosure at 5.12, senior management in the service area will decide how to progress the matter, taking account of the individual circumstances of the case.

5.36 Where a Council policy or procedure is initiated, the appropriate steps involved in the operation of that procedure will be followed, e.g. disciplinary procedures.

5.37 The Council's policies and reporting channels aim to provide colleagues with support and protection to allow them to be confident in making a disclosure regarding fraud.

5.38 Where colleagues make a disclosure regarding fraud, the Council is required to take appropriate action to ensure that those colleagues are protected from any form of victimisation, bullying or harassment.

5.39 Victimisation, bullying or harassment of anyone making a disclosure regarding fraud will be regarded as a serious disciplinary offence/gross misconduct. It will also be regarded as a serious disciplinary offence to attempt to deter someone from making a disclosure regarding fraud.

5.40 The Council accepts that colleagues who report alleged fraud need to be assured that the matter has been properly addressed and, subject to legal and legislative constraints, will endeavour to provide them with information about the outcomes of any investigation.

ANONYMITY

5.41 If a disclosure regarding fraud is made anonymously this could make it difficult for the Council to deal with the disclosure effectively. Colleagues are therefore strongly encouraged to make themselves known when making a disclosure under this Policy.

5.42 The investigation process may have to reveal the source of information, and a statement may be required as part of evidence gathering.

5.43 Disclosures regarding fraud which are made anonymously will still be considered under this Policy. Factors to be taken into account would include: -

- the seriousness of the issues raised
- the credibility of the concerns
- the likelihood of confirming the allegations from attributable sources.

MALICIOUS/VEXATIOUS ALLEGATIONS

5.44 If a colleague makes an allegation in good faith but it is not confirmed by an investigation, no action will be taken against them.

5.45 The Council will protect itself and colleagues from false and malicious allegations by taking disciplinary action where appropriate.

5.46 The Council will take all reasonably practicable steps to ensure that the negative impact of either an unfounded vexatious or malicious allegation is mitigated..

CONTACT WITH THE MEDIA

5.47 This Policy has been developed to enable colleagues to express concerns on the basis that fraud may have occurred or may be occurring. However, reporting of a concern regarding fraud does not mean that such matters should be made available for public consumption through the media and/ or social media.

5.48 Disclosure to the media is prohibited during the course of, or after completion of an investigation either conducted internally or via those external bodies referred to in this Policy. Disclosure to the media in these circumstances may lead to disciplinary action.

6. Roles and Responsibilities

6.1 The Council's Corporate Director of Customer and Corporate Services is the owner of this policy.

6.2 The Service Director: Finance and Procurement has overall responsibility for this Policy which means undertaking periodic reviews to reflect organisational changes, best practice, operational experience or legislative updates.

6.3 The Council's Monitoring Officer (the Council's Service Director: Legal and Assurance) will assist the Council's Corporate Director of Customer and Corporate Services to ensure the integrity of any proceedings under this Policy including determination of any procedure to be followed in cases of doubt.

6.4 This Policy applies to all employees and workers, including persons contracted personally to provide services to the Council, persons undergoing training or work experience as part of a training course and agency workers.

6.5 **Chief Executive and Corporate Directors**

6.5.1 The Chief Executive and Corporate Directors (Corporate Leadership Team) will take an overview of the Policy on Fraud Prevention and ensure that it is well publicised, and its implementation monitored. The Corporate Leadership Team is responsible for ensuring that the Council develops and maintains effective controls to detect and prevent fraud.

6.5.2 The Corporate Leadership Team will demonstrate a visible commitment to preventing fraud, including ensuring that effective and proportionate procedures are in place, promoting a culture of integrity and supporting the reporting and investigation of concerns.

6.6 **Employees and workers (including those employees with line management responsibilities)**

6.6.1 The Council will ensure that this policy and associated policies and procedures are effectively communicated. A list of relevant Council policies and procedures is included in Appendix 3. Colleagues have a duty to read and to comply with the provisions of these documents and must also complete all relevant essential learning. Line managers must ensure that they have access to these documents and have a responsibility for monitoring compliance with essential learning requirements. All colleagues will also be required to complete the Anti-Bribery and Fraud Prevention core learning module to support awareness.

6.6.2 If anyone knowingly or wilfully breaches or omits compliance with any of these rules or regulations, the Council will take formal disciplinary action, up to and including dismissal.

6.6.3 Individual services have their own measures, designed to ensure efficient and effective operation of internal controls, including the effective segregation of duties to prevent fraudulent activity. Examples of these include accounting control procedures, procedural working manuals, operating procedures and approval/authorising managers' lists. Colleagues must be made aware of and comply with the internal controls designed to prevent and detect fraud in individual services by managers.

6.6.4 The Disciplinary Code indicates that fraud in any form could constitute gross misconduct. Colleagues should be reminded periodically of this (e.g. during performance review meetings, one to ones or group briefings).

6.6.5 Colleagues must not use any information obtained in the course of employment for personal gain or benefit and must not pass that information on to others who might use it in any fraudulent activity, for example, to order goods or services or to make fraudulent claims using a colleague's details.

6.6.6 The Council recognises that a key preventative measure in dealing with fraud is to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of all potential colleagues, both temporary and permanent. In particular, recruiting line managers must ensure that relevant pre-employment checks, including written references and PVG checks, where appropriate, are secured in respect of all successful applicants before an appointment can be confirmed. All individuals involved in recruitment and selection must have undertaken all relevant compulsory training.

6.6.7 To reduce the risk of fraud, orders and contracts must be awarded in accordance with the Council's approved Contract Standing Orders and Financial Regulations. All colleagues involved in any form of tendering exercise must follow approved procedures and must clearly act in a transparent, fair and impartial manner when dealing with contractors, sub-contractors and suppliers.

6.7 **Internal Audit**

6.7.1 The Council's Internal Audit service plays an important role in the prevention and detection of fraud. The maintenance of an adequate and effective control system of internal audit is a legislative requirement. Internal Audit will provide independent assurance on the effectiveness of the Council's fraud prevention arrangements including reviewing whether controls are operating effectively and remain aligned to identified fraud risks.

6.7.2 It is the responsibility of management to ensure that corrective action is taken where weaknesses are identified by Internal Audit.

6.7.3 The Council's financial and nonfinancial systems are also independently monitored by Internal Audit on a periodic basis. Senior management are responsible for continuously improving the systems both through their own self assessments and by positive and prompt responses to audit recommendations, where weaknesses have been identified.

6.7.4 Internal Audit is also required to report any actual, suspected or alleged fraud instances, including the misappropriation or theft of assets or cash on a quarterly basis to External Audit.

6.8 **External Audit**

6.8.1 The adequacy and appropriateness of the Council's financial systems are independently monitored and assessed by the Council's external auditors, appointed by the Accounts Commission for Scotland.

6.8.2 In addition, as per paragraph 6.7.3, External Audit monitoring reports of actual, suspected or alleged fraud instances, including the misappropriation or theft of assets or cash on a quarterly basis. This includes seeking assurance on corrective action taken by the Council to strengthen controls and reduce opportunities or fraud occurring.

6.8.3 **Customer Fraud & Visiting Team**

6.8.4 The Council's Customer Fraud & Visiting Team (CFVT) investigate and detect external customer fraud and fraudulent activity that is out with the remit of central government bodies such as Department for Work and Pensions (now responsible for Housing Benefit Fraud). Fraud allegations are received from a variety of sources, including members of the public, Department for Work and Pensions, HM Revenues and Customs, the Police, the National Fraud Initiative (NFI) exercise etc.

6.9 **Investigations Team**

6.9.1 The Council's Investigation Team are responsible for investigating and reporting on whistleblowing disclosures relating to theft, fraud or corruption within the organisation (as well as many other disclosure types). The Council's independent whistleblowing partners, Safecall, in conjunction with the Monitoring Officer, are responsible for determining if a disclosure is classified as internal or external based on the categorisation in the Whistleblowing policy. 'Internal' disclosures are routinely investigated by the Investigations Team.

6.10 **Finance and Resources Committee**

6.10.1 The Finance and Resources Committee will review and approve the Fraud Prevention Policy on an annual basis and will receive an annual report detailing the Council's work on fraud prevention and detection during the financial year.

6.11 **Governance, Risk and Best Value Committee**

6.11.1 The Governance, Risk and Best Value Committee will perform a scrutiny role in relation to the application of the approach laid down in this Fraud Prevention Policy.

6.12 **Trade Unions**

6.12.1 The Council has fostered good working relationships with the Trade Unions. The Council will continue to consult with the Trade Unions to ensure that appropriate control measures are in place to prevent and detect fraud and also to protect Council colleagues from unfounded vexatious or malicious allegations of fraud.

6.13 **Police**

6.13.1 The Council will also seek the advice of the Police in relation to the prevention and detection of fraud.

7. Related documents

7.1 Appendix 1: Types of Fraud

7.2 Appendix 2: Examples of potential fraud committed for the benefit of the Council

7.3 Appendix 3: Council policies and procedures for the prevention of fraud

8. Integrated impact assessment

The policy is considered to have minimal relevance to equality or socio-economic disadvantage, negligible impact on the economy and the delivery of economic outcomes, and no impact on the environment. An integrated impact assessment is therefore not considered necessary.

9. Risk assessment

Non-compliance with the fraud prevention policy may result in financial consequences, loss of systems, loss of data, inability to deliver services, regulatory censure and penalties and adverse reputational impacts.

10. Review

This policy will be added to the Council's policy register and will be reviewed annually in the first instance to assess practical implementation and every three years or earlier thereafter, in the light of operational experience or changing legislative circumstances.

In addition to the scheduled policy reviews, the Council will monitor the effectiveness of its fraud prevention arrangements on an ongoing basis including analysis of fraud incidents, audit findings and emerging risks. Improvements will be made where necessary to strengthen controls and reduce the risk of fraud.

Appendix 1: Types of Potential Fraud

The Council can be exposed to fraud and corruption through a variety of internal and external sources. These include but are not limited to:

- Non Domestic Rates fraud
- Council Tax Reduction Scheme
- Council Tax Discounts and Exemptions,
- Scottish Welfare Fund payments (Community Care Grants and Crisis Grants)
- Council tenancies, temporary accommodation, renovation and other housing related grants
- Parking concessions (Blue Badges)
- Social Work Payments
- School Places
- Licences
- Grants
- Procurement
- Education Payments
- Employee fraud (internal fraud such as criminal misconduct by a council employee, false travel and subsistence claims, processing false payments/claims from accomplices, conducting personal work during working hours with the Council)
- Contractor fraud
- Digital/Cyber fraud

Councils no longer investigate Housing Benefit Fraud. Instead, it is investigated by the Department for Work and Pensions (DWP). Residents who suspect that someone is committing Housing Benefit Fraud should call the DWP National Benefit Fraud Hotline 0800 854 440.

Appendix 2 – Examples of potential fraud committed for the benefit of the Council

In addition to fraud committed against the Council, in line with the Economic Crime and Corporate Transparency Act 2023, the Council must consider the risk of fraud committed by employees, agents and other associated parties who provide services for or on behalf of the Council, where the intention is to benefit the Council or, in certain circumstances, a client.

Potential scenarios may include:

- deliberately providing false or misleading information to obtain funding, grants, subsidies or other financial benefits
- falsifying or manipulating performance, financial or other information to achieve targets, demonstrate compliance or secure funding
- knowingly making false representations or omitting material information in applications, claims, returns or reports
- manipulating procurement, tendering, contract management or payment processes to obtain an improper benefit
- falsifying records, accounts, evidence or supporting documentation
- deliberately concealing errors, liabilities, losses, non-compliance or other information where doing so is intended to obtain a financial or other benefit
- employees or associated persons abusing their position or authority to obtain a benefit for the Council
- agents, contractors, delivery partners or other persons providing services for or on behalf of the Council committing fraud in connection with those services
- fraud enabled through digital technologies, including the use of artificial intelligence to create or manipulate documents, evidence, identities or representations.

These examples are not exhaustive. Services should consider the nature of their activities and identify circumstances in which an employee, agent or other associated person could have the opportunity, motivation or rationalisation to commit fraud for the benefit of the Council or its clients.

Identified risks should be documented through the service fraud risk assessment, together with the preventative and detective controls in place and any further action required.

Appendix 3: Council policies and procedures for the prevention of fraud

- Anti-Bribery Policy
- Anti-Bribery Procedure
- Serious Organised Crime Governance Framework
- Anti-Money Laundering Policy
- Whistleblowing Policy
- Contract Standing Orders
- Grant Standing Orders
- Council Financial Regulations
- Disciplinary Code
- Disciplinary Policy
- Domestic Abuse Policy
- Information Security Protocol
- Employee Code of Conduct
- Employees' Conditions of Service
- Equality and Diversity Policy
- Information and Communications Technology (ICT) Acceptable Use Policy
- Recruitment and Selection Policy

IDENTIFYING AND REPORTING FRAUD

All suspected or actual fraud should be reported without delay

1 IDENTIFY

Suspected or actual fraud identified

Refer to policy sections 5.1 – 5.4 for further information

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2 REPORT

Raise your concern with your manager without delay

Refer to policy sections 5.11 – 5.13 for further information

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3 ESCALATE & RECORD

Managers must notify:

Internal Audit **and** either the Corporate Director, Chief Officer, or Chief Executive

Refer to policy sections 5.14 - 5.16 for further information

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4 ASSESS & RESPOND

Appropriate route and action agreed

Investigation refer to Police and/or another referral

Refer to policy sections 5.32 - 5.36 or further information

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5 MONITOR & LEARN

Internal Audit:

Centrally records, monitors, reports and supports identification of trends/themes

Management:

Considers lessons learned and control weaknesses and takes action to strengthen controls