

<b>COMMITTEE:</b>	Cabinet
<b>MEETING DATE:</b>	10 March 2026
<b>BY:</b>	Depute Chief Executive – Resources & Economy
<b>REPORT TITLE:</b>	Counter Fraud Strategy and Policy
<b>REPORT STATUS:</b>	Public

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## **1 PURPOSE OF REPORT**

- 1.1 To inform Cabinet of the draft Counter Fraud Strategy and Policy as approved by the East Lothian Council Integrity Group and request that Cabinet approves the Counter Fraud Strategy and Policy for East Lothian Council.

## **2 RECOMMENDATIONS**

Members are recommended to:

- 2.1 Approve the attached Counter Fraud Strategy and Policy.

## **3 BACKGROUND**

- 3.1 East Lothian Council's Strategy for the Prevention and Detection of Fraud and Corruption was approved by the Audit & Governance Committee in September 2017 and required to be reviewed.
- 3.2 In order to improve the resilience of the Council to fraud, corruption, theft and crime East Lothian Council an officer Integrity Group was developed with the first meeting of this group being held in September 2025. This Group is chaired by the Head of Corporate Support.
- 3.3 Part of the remit of the Integrity Group is to develop and regularly review the policy and procedures of the Council in relation to the management and control of fraud, bribery and corruption across East Lothian Council. A full review of the policy requirements has been completed and this is the first policy to be reviewed and recommended for approval.
- 3.4 The Counter Fraud Strategy includes reference to the implementation of the principles required by the Home Office Guidance associated with the

Economic Crime and Corporate Transparency Act 2023, which are all being implemented by the Integrity Group. These are:

- top level commitment
- risk assessment
- proportionate risk-based prevention procedures
- due diligence
- communication (including training)
- monitoring and review

3.5 The policy sets the following requirement, that “The Council expects its employees and elected members to act within the law and the high standards of integrity, honesty and openness, which are reflected in the Council’s Code of Conduct Policy internal codes, rules and procedures. The Council also expects that all outside individuals and organisations, including service users, partners (including ALEOs), suppliers, and contractors will act to the same standards.”

3.6 In addition, pages 6 and 7 of the policy sets roles and responsibilities across the Council for Officers and Elected Members.

#### **4 POLICY IMPLICATIONS**

4.1 Sets the Counter Fraud Strategy and Policy for East Lothian Council.

#### **5 RESOURCE AND OTHER IMPLICATIONS**

5.1 Finance: None

5.2 Human Resources: Refreshes the link with the Council Code of Conduct Policy

5.3 Other (e.g. Legal/IT): None

5.4 Risk: The Council wide fraud risk assessment is currently underway and will be reviewed by the Council Leadership Team in March, this links with the requirements this policy.

#### **6 INTEGRATED IMPACT ASSESSMENT**

6.1 ***Select the statement that is appropriate to your report by placing an ‘X’ in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant



impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:



## 7 APPENDICES

7.1 Appendix 1: Counter Fraud Strategy and Policy for East Lothian Council.

## 8 BACKGROUND PAPERS

8.1 None

## 9 AUTHOR AND APPROVAL DETAILS

### Report Author(s)

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<b>Date</b>	22 February 2026

### Head of Service Approval

<b>Name</b>	Hayley Barnett
<b>Designation</b>	Head of Corporate Support/Chair of the Integrity Group
<b>Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed</b>	Confirmed
<b>Approval Date</b>	23 February 2026



# Counter Fraud Strategy & Policy

# Counter Fraud Policy

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## 1. Counter Fraud Strategy

The size and nature of the Council's services, as with other large organisations, puts the Council at risk of loss due to fraud, theft or corruption. Management are committed to minimising this risk and at the same time taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside. Refinements to the Council's approach to tackling fraud include a focus on enhancing fraud prevention and detection to improve its resilience to the threat of fraud and corruption.

The Council's strategy, which is based upon the Local Government Association Fighting Fraud and Corruption Locally Strategy and the national counter fraud standard CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption' published in December 2014, is built around the following:

### ***Counter fraud and corruption culture***

The Council expects its employees and elected members to act within the law and the high standards of integrity, honesty and openness, which are reflected in the Council's Code of Conduct internal codes, rules and procedures. The Council also expects that all outside individuals and organisations, including service users, partners (including ALEOs), suppliers, and contractors will act to the same standards.

### ***Plans and policies***

Service specific plans, policies, procedures, processes and guidelines must contain detailed information on how to prevent or reduce the Council's vulnerability to fraud, theft or corruption as part of their Service provision to ensure that income is maximised and assets are safeguarded.

The Integrity Group, chaired by the Head of Corporate Support and supported by the Chief Internal Auditor and the Corporate Fraud team, must oversee the review and update of associated policies, procedures and guidelines across the Council on an annual basis. The CIPFA Counter Fraud guidance states as a minimum the policy framework should include: Counter Fraud Policy; Whistleblowing Policy; Anti-Money Laundering Policy; Anti-Bribery & Corruption Policy; Gifts & Hospitality Policy and register; Conflict of Interest Policy and register; Codes of Conduct and Ethics; Information Security Policy; and Cyber Security Policy.

### ***Deter and detect***

- The Council will focus on ensuring reasonable fraud prevention and detection procedures as identified in the Home Office Guidance associated with the Economic Crime and Corporate Transparency Act 2023. Including adherence to the 6 principles which are:
  - top level commitment
  - risk assessment

- proportionate risk-based prevention procedures
- due diligence
- communication (including training)
- monitoring and review

Management will continuously monitor and review the internal control systems which include financial regulations, scheme of delegation, standing orders, data security, codes of conduct, protocols, practices, guidelines and training, to ensure that fraud prevention and detection procedures are effective and robust, and that risk mitigating actions are in place and documented in the Council Fraud Risk Register.

In addition Management will continue to identify those areas, existing or new, which are vulnerable to fraud, theft or corruption and will record mitigating controls within the Council Fraud Risk Register. The Corporate Fraud team will assist Service Managers to document fraud risk vulnerabilities within the Council Fraud Risk Register.

Within resources available a proactive approach to fraud detection will be followed, including enhanced use of techniques such as data matching and intelligence sharing with partner organisations within the provisions of the General Data Protection Regulations. Positive publicity about the successful detection or prevention of a fraud will play a key part in deterring others.

The Council will continue to work with other organisations to manage its fraud risks and share best practice through participation in counter fraud forums at local and national levels. This will include the Scottish Local Authorities Investigators Group (SLAIG). There will be further joint working in countering fraud in particular in response to the risks from organised crime which can commit fraud across the public sector. The Council will continue to participate in the National Fraud Initiative (NFI).

### ***Training and awareness***

To have effective counter fraud, theft or corruption controls the Council recognises that it must provide awareness and training programmes for counter fraud prevention and detection techniques. General fraud awareness for all members of staff will mainly be done through the use of E Learning modules and will focus on the key message that compliance with Council policies, processes and procedures are designed to keep employees and the organisation safe. More specific training and case studies, based on the Reasonable Procedures requirements and associated risk assessments implemented following guidance on the Economic Crime and Corporate Transparency Act 2023 , will be targeted to appropriate Service Managers and their staff.

In the Council's dealings with outside individuals and organisations it will ensure that they are aware of the Council's stance towards tackling fraud, theft and corruption. The Council will encourage the reporting of suspected fraud, theft and corruption through confidential reporting or whistleblowing arrangements to the Corporate Fraud team.

### **Action**

All suspected cases of fraud, theft or corruption should be reported to the Internal Audit/Corporate Fraud team (anonymously if desired) by email [corporatefraud@eastlothian.gov.uk](mailto:corporatefraud@eastlothian.gov.uk) or telephone 01620 827878 or via the Council's website (Link to be added on go live). The Corporate Fraud team will conduct fraud investigations in accordance with legislation and standard operating procedures. The Integrity Group will meet during the course of fraud investigations with the aim to take corrective action, minimise losses and help prevent further frauds.

### **Investigations**

Anyone suspected of fraudulent behaviour will be treated fairly and courteously within the principles of Article 6 and Article 8 of the Human Rights Act 1998. All investigations will be strictly confidential and intelligence or evidence will be gathered to a standard that would be admissible in court and held securely. Investigators will not carry out directed surveillance without proper authorisation as detailed in Regulation of Investigatory Powers (Scotland) Act 2000 and the Council's code of practice.

Where initial investigations identify evidence of criminality, the matter will be reported to Police Scotland and the Council will co-operate fully with any Police investigation.

Where investigations reveal evidence of fraudulent or dishonest behaviour, corrupt practice or theft by a member of staff, appropriate steps will be taken including disciplinary action in accordance with the HR policies.

Steps will also be taken to recover losses resulting from fraud, theft and corruption including the recovery of assets and money, which may involve joint working with relevant partners.

### **Monitoring and Review**

The Audit Committee will oversee the adequacy and effectiveness of the Council's systems of internal financial control and framework of internal control through scrutiny of annual reports on the assessment of fraud risks and the monitoring of the counter fraud strategy, actions and resources.

### ***Roles and responsibilities***

There is an expectation and obligation that all individuals and organisations associated with the Council will act with honesty and integrity, are aware of and adhere to the procedures and practices in place to prevent fraud, theft and corruption when performing their roles, and utilise the whistleblowing process online to report any concerns. The Council will continue to support its people to develop the appropriate skills and competencies so as to enable them to tackle fraud effectively, with a focus on enhanced fraud prevention and detection tools and management arrangements.

#### Corporate Management Team (CMT)

CMT will ensure a high level commitment to tackling fraud from the top down, allocating sufficient resources proportionate to the level of fraud risk and fostering a strong counter fraud culture.

#### Management

Management will: identify fraud and corruption risks; ensure that they understand and apply the counter fraud policy requirements within their own service provision embedding counter fraud prevention and detection in the Council's culture and working practices; highlight to staff the importance of behaving with integrity; support internal and external audits; carry out regular reviews of their counter fraud arrangements and update the Council fraud Risk Assessment.

#### Chief Finance Officer

The Chief Finance Officer is designated by Council as the officer responsible for the administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973 has a responsibility for safeguarding public funds specifically including implementing appropriate measures to prevent and detect fraud and corruption.

#### Integrity Group

The Integrity Group will support Management with counter fraud practices: annually reviewing the counter fraud policy framework in line with best practice; highlighting emerging fraud and corruption risks, threats, vulnerabilities; updating and approving the Council Fraud Risk assessment on an annual basis; agreeing fraud and corruption mitigation actions; raising awareness of bribery, fraud and corruption in the Council as a method of prevention; monitoring and supporting the completion of mandatory training; meeting during the course of fraud investigations with the aim to take corrective action, minimise losses and help prevent further frauds; and coordinating with the Serious Organised Crime (SOC) Group.

#### Corporate Fraud Team

The Corporate Fraud Team will: conduct fraud investigations; support the Integrity Group and management; support the implementation of identified improvement actions; assist Service Managers with completing and reviewing fraud risk assessments; ensure fraud prevention and detection processes and procedures are followed; offer advice, guidance, training and support.

### Audit Committee

The Audit Committee will oversee the adequacy and effectiveness of the Council's internal controls, review the assessment of fraud risks and monitor the counter fraud strategy, plan, annual report and resources.

### Elected Members

Elected Members need to be aware of and adhere to the procedures and practices in place to prevent fraud, theft and corruption when performing their roles, and support the public to utilise the whistleblowing process to report any concerns.

### **Counter Fraud process**

Tackling fraud is not a one-off exercise; it is a continuous process across all parts of the Council because the service delivery processes it underpins are continuous. Tackling fraud is an integral part of good governance within the Council and demonstrates effective financial stewardship and strong public financial management.

### **Reporting**

Reporting will include an annual report by the Integrity Group to CMT and the Audit Committee on the corporate fraud activity and outcomes. The Annual Governance Statement to CMT and the Audit Committee will include a statement on the efficiency and effectiveness of counter fraud arrangements.

### **Budget**

One of the five key principles in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is to provide resources to implement the strategy. Resources should be regularly reviewed by the Integrity Group, CMT and the Audit Committee.

### **Review**

This policy will be reviewed at least annually, and be revised to reflect changes in legislation, counter fraud best practice, and significant changes in corporate governance.

<b>Name of Document</b>	Counter Fraud Strategy & Policy
<b>Author</b>	Duncan Stainbank
<b>Policy Ownership</b>	Service Manager – Internal Audit
<b>Unit Responsible</b>	Internal Audit & Counter Fraud
<b>Approved by and date</b>	
<b>Assigned Review Period</b>	Annually
<b>Date of Next Review</b>	
<b>Policy Lead</b>	Head of Corporate Support

<b>Version</b>	<b>Version date</b>	<b>Authorised Officer</b>	<b>Amendment Details</b>
<b>V1</b>	<b>01/12/25</b>	<b>Duncan Stainbank</b>	<b>First version for review by Integrity Group</b>