



**Havering**  
LONDON BOROUGH

# Anti-Fraud and Corruption Strategy

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## The Council's commitment to the Anti Fraud and Corruption Strategy

This Council requires Members, employees and contractors working on its behalf to act with honesty and integrity at all times, when dealing with resources owned by the Council or those for which it is responsible. This includes the responsibility for ensuring that assets are safeguarded and that procedures exist within areas of their responsibility to prevent and detect fraud.

Fraud is an ever-present threat to resources and hence must be of concern to everyone. The Council will rigorously enforce sanctions laid down in its "Disciplinary Procedures" and will seek prosecutions where necessary in order to deter fraudulent activity. The Council is unequivocal in its support of the Police and other external agencies fighting fraud and corruption within the public sector. We have already established arrangements for cooperation and joint working with outside bodies. In addition we actively foster relationships with external organisations for the purpose of introducing new initiatives to help combat fraud.

We recognise the important part our employees play in countering the damage that fraud can do if unchecked. We actively encourage the reporting of concerns about fraud and corruption and a "Confidential Reporting (Whistle Blowing) Policy" is available to address this.

All Council employees must comply with the Council's anti-fraud and corruption policies.

**Cheryl Coppell**  
**Chief Executive**

## What are the aims and requirements of the strategy?

The strategy aims to communicate the Council's zero tolerance to Fraud and Corruption and its commitment to the fight against Fraud and Corruption in the public sector. It requires that where Fraud or Corruption is found to occur, in any form, it will be dealt with rigorously in a consistent and controlled manner in accordance with the principles outlined.

## Who is governed by this document?

The Anti-Fraud and Corruption Strategy applies to all people resources including but not limited to employees, agency workers, consultants and contractors. It also covers Members, suppliers and those providing services under a contract with the Council in their own premises, for example, care homes and sheltered accommodation. Our strategy will also affect any resident or non resident of the Borough who seeks to defraud the Council or other public bodies.

# Anti-Fraud & Corruption Strategy

## What are Fraud & Corruption ?

There are numerous definitions to the term 'fraud' but the Audit Commission in their annual publication 'Protecting the Public Purse' state it to be ...."An intentional false representation, including failure to declare information or abuse of position, that is carried out to make gain, cause loss or expose another to the risk of loss."

Corruption is:

'The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.'

In addition, the Fraud Act 2006 introduces the offence of fraud as follows:

- Fraud by false representation (section 2)
- Fraud by failing to disclose information (section 3)
- Fraud by abuse of position (section 4)

And the Bribery Act 2010 has created new bribery offences:

- Bribery of another person (section 1)
- Accepting a bribe (section 2)
- Bribing a foreign official (section 6)
- Failing to prevent bribery (section 7)

Fraud & Corruption is an ever present threat to the resources available in the public sector. The current economic climate means that the likelihood of fraud is increased. The impact of fraud and corruption on the Council is on the honest residents and service users in the communities we serve.

In adopting this strategy the Council seeks to demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside and outside the Council.

This strategy document sets out the Council's arrangements to fight Fraud and Corruption and is aligned to the Local Government Strategy – Fighting Fraud Locally.

The Strategy is set out under three headings:

- **Acknowledge**
- **Prevent**
- **Pursue**

## Acknowledge

To implement robust arrangements in this area it is important to first acknowledge and then understand the risks faced by the organisation.

The Council has recognised these risks and has dedicated resources in place to support Management and the organisation in achieving their shared objectives.

A fraud risk assessment is in place and is regularly updated it is used to review the level of resources and the priorities of these resources. The fraud risk assessment is discussed with the Group Director Finance & Commerce at least quarterly and presented to Corporate Management Team at least annually.

The dedicated resources within the organisation review relevant publications and attend seminars to ensure they are aware of emerging and changing risks and participate in London wide groups that seek to increase collaboration and share best practice

## Prevent

Having acknowledged the risks the organisation faces action is continuously being taken to prevent and detect fraudulent or corrupt activity.

### **Roles and Responsibilities / Accountability**

Roles and responsibilities around fraud are clearly outlined within the Council's constitution and Financial Framework. Other documents such as the Employees Code of Conduct further communicate the expectations of the organisation.

The Group Director Finance & Commerce is responsible for ensuring an annual review is undertaken of the Anti-Fraud & Corruption Policy and Strategy and for advising the Audit Committee and Responsible Officers on its implementation.

As elected representatives, all members of the Council have a duty to citizens to protect the Council from all forms of abuse.

Elected members sign to confirm that they have read and understood the national code of conduct when they take office. These conduct and ethical matters are specifically brought to the attention of members during induction and include the declaration and registration of interests. The Chief Executive reminds Members annually of important points in relation to their role as a Councillor in relation to prevention and detection of fraud and corruption. The Assistant Chief Executive, Legal and Democratic Services advises members of new legislative or procedural requirements.

The monitoring of the Council's arrangements with regards fraud and corruption is delegated to the Audit Committee and the Internal Audit & Corporate Risk Manager has direct access to the Chief Executive, the s151 Officer and Members.

The Internal Audit Team support management in considering risks within their areas, including the risk of fraud, and ensuring that appropriate controls are applied to prevent and detect fraud.

Managers at all levels are responsible for the communication and implementation of this strategy in their work area. They are also responsible for ensuring that their employees are aware of the Council's policies, procedure rules, and that the requirements of each are being met in their everyday business activities. In addition, managers must make their employees aware of the requirements of the code of conduct through the induction process.

Managers are expected to strive to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities.

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 for permanent, temporary or casual posts.

Each employee is governed in their work by the Council's procedure rules, Financial Framework, Procurement and Contract Rules and other codes of conduct and policies. They are also governed by the code of conduct. Included in these are guidelines on gifts and hospitality and codes of conduct associated with professional and personal conduct and conflicts of interest. These are all available on the intranet and are highlighted to new starters, by their manager as part of their induction, when they join the Council.

Concerns must be raised when members or employees 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 unauthorised use of public or other funds;
- A miscarriage of justice;
- Maladministration, misconduct or malpractice;
- Endangering of an individual's health and safety;
- Damage to the environment; and/or
- Deliberate concealment of any of the above.

### **Policy and Procedure**

The Council has in place various other relevant policies regarding fraud and corruption:

- Prosecution & Sanctions Policy
- Disciplinary Policy
- Anti-Bribery Policy
- Whistleblowing Policy
- Declarations of Interest Policy
- Business Systems Policy

### **Culture of Zero Tolerance**

The culture of the Council has always been one of openness and the core values of accountability and probity support this. The Council's culture therefore supports its opposition to fraud and corruption.

The organisations culture is critical in the fight against fraud. This strategy communicates a strategic approach of zero tolerance to Fraud and Corruption.

## **Training and Awareness**

Based on the Fraud Risk Assessment an on-going programme of training and awareness has been devised. Annually there is an Anti-Fraud campaign to publicise our on-going fight against fraud and corruption and we seek to prevent fraud by offering fraud awareness training to staff and managers. There is currently an E learning on fraud and corruption available to Members and staff.

All members are invited to at least one briefing on Fraud and Corruption annually.

## **Publicity**

The Council actively seeks to publicise both internally and externally successes of its Anti-Fraud and Corruption Strategy in order to deter potential future fraudsters.

## **Detection**

The Internal Audit Team undertake a programme of systems and proactive fraud audits as part of the Annual Audit Plan, incidences of fraud and recommendations to improve the system of internal control are highlighted to management.

The Council participates in the National Fraud Initiative (NFI) which matches data from across public sector organisations to detect fraud. Although service areas are responsible for dealing with the results of the data match the process is overseen by the Corporate Fraud Manager. The results of the NFI are reported to Corporate Management Team. Other data matching exercises to look at specific areas of risk are also conducted most recently for Single Person Discounts and Housing Tenancy Fraud.

The use of technology is an essential tool for Internal Audit in detecting and identifying misuse and abuse of IT systems. Blue Coat is a web-based reporting tool that enables Internal Audit and Business Systems to run reports to investigate and identify Internet use of staff. A protocol is in place to ensure forensic examinations, either planned or random, are performed to a high level of confidentiality and securely. Users of the Councils IT network have to periodically confirm they have read agree to the Council's Business Systems Policy when logging in.

The Corporate Fraud Team works in partnership with other organisations such as Dept. of Works and Pensions, UK Border Agency and the Metropolitan Police.

The Council will continue to subscribe to the work with the National Anti Fraud Network (NAFN) to ensure access to all intelligence sources.

The Council has a Confidential Reporting or 'Whistleblowing Policy' to enable all individuals internal to the organisation or those working within organisations working in partnership or on our behalf the opportunity to report concerns. Annual campaigns are carried out to continuously focus staff awareness of the whistleblowing policy.

Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of 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.

## Pursue

### Investigation

There are two specialist teams investigating fraud and corruption, both report to the Internal Audit & Corporate Risk Manager. The Investigations Team is responsible for the investigation of: welfare benefit fraud and social housing fraud, in accordance with the requirements of relevant legislation.

All other suspected irregularities are required to be reported (verbally or in writing) to the Internal Audit and Corporate Risk Manager.

Investigations undertaken by Internal Audit (Corporate Fraud Team), or other appropriate Officers, must comply with codes of practice and other regulated powers. All interviews and gathering of evidence must be conducted in accordance with the Police and Criminal Evidence Act 1984 and the Regulation of Investigatory Powers Act 2000.

This process will apply to all the following areas:

- Fraud/corruption by elected members acting in their official capacity
- Internal fraud/corruption by Council employees, Agency Workers, Temporary employees on fixed term contracts
- Fraud by contractors or consultants and their employees
- External fraud (the public)

All allegations of fraud will be investigated by the Corporate Fraud Team to ensure total independence and use of relevant expertise.

Depending on the nature of an allegation the Internal Audit and Corporate Risk Manager or the Corporate Fraud Manager, will normally work closely with the Director concerned and Human Resources to ensure that all allegations are thoroughly investigated and reported upon. The Council's disciplinary procedures will be used where necessary to facilitate a thorough investigation of any allegations of improper behaviour by employees.

When fraud or corruption has occurred because of a breakdown or weakness in the Council's systems or procedures, Managers will ensure that appropriate improvements in systems of control are implemented to prevent a recurrence.

### Prosecution

The Council has adopted a Prosecution & Sanctions Policy and the Council's general prosecution policy is included within the Fraud Manual. This ensures consistency, whilst recognising that it may not always be in the public interest to refer cases for criminal proceedings.

Any decision to prosecute or to refer a matter to the police will be taken, in accordance with the relevant policy, by the Internal Audit and Corporate Risk Manager and where appropriate following consultation with the Finance and Commerce Group Director and the Council's Monitoring Officer.

In appropriate cases formal cautions will be issued and in cases involving Benefit fraud where applicable an Administration Penalty will be issued.



## Disciplinary Action

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.

Members will face appropriate action under this strategy if they are found to have been involved in fraud or corruption against the Council. 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. Such cases, if not referred to the police, will be referred to the Council's Monitoring Officer; Governance Committee or Group Leader, as appropriate.

## Conclusion

The Council sets and maintains high ethical standards and a culture of openness, with core values of accountability and transparency. This strategy fully supports the Council's desire to maintain an honest Council, free from fraud and corruption.

The Council has in place a network of rules, policies, systems and procedures to assist it in the fight against fraud and corruption. These arrangements will be subject to continuous review to ensure they continue to be fit for purpose and adapt as required as risks change.

In addition the Council will seek assurance from External and Internal Audit to ensure best practice is followed and sufficient resources are available to manage the Council's risk.

## Strategy Review

This strategy will be reviewed annually and presented for approval by the Audit Committee.

The next review will be completed in February 2014.

## Further Support, Tools and Guidance

The latest version of the Anti Fraud and Corruption Strategy and all of our documents can be obtained from either contacting the Corporate Fraud Manager – Chris Nower EXT. 2617, Internal Audit & Corporate Risk Manager – Vanessa Bateman EXT. 3733 or by visiting our intranet pages: <https://intranet.havering.gov.uk/index.aspx?articleid=11676>

If you have any comments or feedback to do with this document, we would like to hear from you, so please get in touch and email us at the following address:

[Vanessa.bateman@havering.gov.uk](mailto:Vanessa.bateman@havering.gov.uk)