

# Anti-Fraud and Corruption Policy

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## 1. Introduction

The Anti-Fraud and Corruption Policy outlines the London Borough of Havering's firm commitment to minimising the risk of loss to the organisation resulting from fraud and corruption both internally and externally. The purpose of the policy is to demonstrate the Council's commitment to the highest standards of accountability and to protect its assets.

The Council's commitment to prevent fraud and corruption in order to protect the public purse is demonstrated by its deployment of resources to govern, acknowledge, prevent, detect, pursue and protect residents and the Council from fraud and corruption. The Counter Fraud team and Legal Services will take the strongest action in order to protect Havering's resources and assets, including the prosecution of offenders, where it is deemed to be in the public interest to do so.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, customers or any other attacks on its resources by criminals and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case. This includes removal from office, dismissal, prosecution and robust recovery of losses through both civil and criminal means.

The policy will adhere to the Council's four strategic priorities:

- ***Making life better*** - Helping people get on in life by creating jobs and skills opportunities and building genuinely affordable homes;
- ***Ensuring Havering stays a great place to live*** - Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe with access to quality parks and leisure facilities
- ***A helping hand*** - Helping young and old fulfil their potential through high-achieving schools and by supporting people to live safe, healthy and independent lives
- ***Making life easier*** - Making it easier for people to get around and online by investing in road, transport links, faster internet and free Wi-Fi in town centres

In addition to the four strategic priorities, the policy is based upon the five key principles identified in the [Fighting Fraud and Corruption Locally Strategy for the 2020's](#):

## 2. Scope

The Policy is designed to:

- encourage prevention
- promote detection
- ensure effective investigation
- prosecute offenders where appropriate

There is an expectation and requirement that all Members, employees, consultants, contractors, partners and service users be fair and honest and, if able to do so, provide

help, information and support to assist any investigation of fraud and corruption.

This policy explains how the Counter Fraud team will deliver this commitment and provides advice on how concerns relating to fraud and corruption can be raised.

In adopting this policy, 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 policy document sets out the Council's arrangements to fight Fraud and Corruption and follows the five key principles identified in the [Fighting Fraud and Corruption Locally Strategy for the 2020's](#):

**Govern** and have robust arrangements

- Ensure that counter-fraud measures are embedded throughout the organisation; and,
- Have a holistic approach to tackling fraud through good governance.

**Acknowledge** and understand fraud risks

- Assess and understand the fraud risks that the Council faces;
- Commit support and resource to tackling fraud, and take advantage of 'invest to save' opportunities; and,
- Maintain a robust counter fraud response.

**Prevent** and detect more fraud

- Make better use of information and technology;
- Enhance fraud controls and processes across the Council, with managers leading on this; and,
- Develop a more effective counter fraud culture which will be supported and encouraged by Members and senior management.

**Pursue** and be robust in punishing fraud and recovering losses

- Prioritise fraud recovery and the use of civil sanctions;
- Develop capability and capacity to punish fraudsters; and,
- Collaborate across local authorities and with law enforcement.

**Protect** against serious and organised crime

- Protect individuals from becoming victims of crime; and,
- Protect against the harm that fraud can do to the community.

### 3. Roles and Responsibilities

The Council expects all individuals and organisations associated with it to be honest and fair in their dealing with Council and its service users. Members and managers are expected to lead by example in this respect, observing the Principles of Public Life as expressed by the Nolan Committee:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Employees have an essential role in the prevention of fraud and corruption within their daily duties and general conduct. All employees should be aware of and understand the Council's rules and regulations set out in the Employees Code of Conduct and Financial Framework.

<b>Officer(s)</b>	<b>Responsibilities</b>
<b>Senior Leadership Team</b>	<p>Have ultimate responsibility for the arrangement and oversight of the Council's prevention of fraud and corruption, and for developing and maintaining a counter fraud culture. To ensure there is an adequate resource to effectively deliver the counter fraud activity required of the organisation.</p> <p>The Chief Operating Officer is responsible for ensuring an annual review is undertaken of the Anti-Fraud &amp; Corruption Policy and Strategy.</p>
<b>Audit Committee</b>	<p>Have a duty to scrutinise the Council's counter fraud arrangements to ensure they are fit for purpose, and to review the policies that are in place to prevent and investigate fraud against the Council. The Committee receives quarterly fraud update reports regarding investigation caseload.</p>
<b>External Audit</b>	<p>Have a statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud and corruption.</p>
<b>Internal Audit</b>	<p>Are responsible for evaluating the potential for the occurrence of fraud and how the organisation manages the risk of fraud.</p>
<b>Counter Fraud</b>	<p>Are responsible for the prevention and investigation of fraud and corruption, in addition to ensuring that all efforts are made to recover any losses identified. To carry out both proactive and reactive counter fraud initiatives and to manage and maintain an oversight of emerging risks of fraud and corruption.</p>
<b>All Managers</b>	<p>Are responsible for managing the risk of fraud by ensuring that they have adequate and robust policies and procedures in place to tackle the risk of fraud and corruption. Occurrences or reasonable suspicions of fraud should be referred to the Counter Fraud team promptly. The consideration and where applicable, the implementation of recommendations made as a result of investigations should be carried</p>

	out promptly.
<b>Employees</b>	Should always carry out all their duties with integrity and honesty and report any suspicions of fraudulent activity to their manager, who in turn should report their concerns to the Counter Fraud team. The whistleblowing process is available should officers wish to report fraud or corruption, and officers can utilise this if they wish to report matters directly to the Counter Fraud team.
<b>Members</b>	<p>As elected representatives, all members of the Council have a duty to residents to protect the Council from all forms of abuse.</p> <p>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.</p>

## 4. Aims and Objectives

The aims and objectives of this policy are to:

- Provide a Counter Fraud service with the necessary resources to prevent, detect, investigate and recover losses from any persons found to be committing fraud against the Council.
- Ensure that recommendations made as a result of counter fraud investigations are given due consideration and where appropriate, changes are implemented to protect the Council from future occurrences.
- Ensure that senior managers and Members support and promote a counter fraud culture and take appropriate action where this is not supported by officers employed within the Council.
- Protect all Council resources and assets to ensure that these are available for service delivery, and not lost due to fraudulent activity carried out by Members, officers, contractors, residents or customers.
- Ensure that all available resources are utilised to identify fraud and emerging

risks at the earliest opportunity.

- Support the Council's zero-tolerance approach to fraud and corruption and ensure that all persons that utilise the whistleblowing process are afforded protection in line with relevant legislation.
- Ensure that senior management support and encourage the participation in awareness exercises which are developed for officers and Members in relation to fraud, whistleblowing, money laundering and bribery, in order to enhance the Council's resilience to associated risks.

## **5. Policy Principles**

The Fighting Fraud and Corruption Locally Strategy for the 2020's (FFCL) was designed for English local authorities and was the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape. Its production and subsequent implementation were overseen by an independent board, which includes representation from key stakeholders.

The FFCL strategy is based on the principles detailed in the introduction to this policy; govern, acknowledge, prevent, pursue and protect. These principles are adopted for the purpose of this policy as follows:

### **5.1 Govern**

- The Council has robust governance arrangements and uses a holistic approach to tackle fraud and corruption.
- Fraud risks are managed at director level and are service specific; ownership of key fraud risks is seen as essential in ensuring that the prevention and investigation of fraud is resourced appropriately.

### **5.2 Acknowledge**

- The Council has recognised the risk of fraud and has dedicated resources in place to support management and the organisation in managing those risks and thus achieving their shared objectives.
- The risk of fraud is assessed by officers and emerging risks, where identified, are considered by the Counter Fraud team and colleagues from other relevant services. Officers employed within the Counter Fraud team are accredited investigators, with experience of investigating and managing the risks of fraud.
- The dedicated resources within the organisation review relevant publications and attend seminars to ensure they are aware of emerging and changing fraud risks and participate in London wide groups that seek to increase collaboration and share best practice.

### **5.3 Prevent**

- Fraud awareness is an important tool for managers and officers, along with awareness of bribery, corruption, whistleblowing and money laundering. E-learning exercises will be developed by the Counter Fraud team to provide an insight into these areas. Managers should actively encourage and support officers to ensure they have availability to participate in such exercises.
- The Counter Fraud team will aid managers and officers to ensure they are aware of the associated risks and what to do where risks are identified. Where investigations or audits identify controls, policies and processes that may be subject to additional risk, these will be pointed out along with recommendations to mitigate the risk.
- Where disciplinary matters are identified during investigations, HR and management will be informed in order that they may take relevant action. Where appropriate, criminal prosecution will be considered.
- The Counter Fraud team will work with Communications in order to publicise all relevant counter fraud activity and criminal prosecutions in order to demonstrate the Council's zero-tolerance approach.
- Data sharing and the use of information technology are useful tools employed by the Counter Fraud team. The team uses the National Fraud Initiative, Cifas and credit reference agency information to identify the risk of fraud and where this may be taking place. The Counter Fraud team will always consider any new initiatives that use technology to manage the risk of fraud.

### **5.4 Pursue**

- 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 policy 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 Councils Monitoring Officer; Governance Committee or Group Leader, as appropriate.
- Appropriate sanctions will always be considered where fraud is identified, including criminal prosecution where this is in the public interest.
- The recovery of losses and any proceeds of crime will be considered in all appropriate cases; financial investigators employed by the Counter Fraud team are available to other enforcement services within the Council to recover proceeds of crime on behalf of the Council.

- The Council has adopted a ***Prosecution & Sanctions Policy*** to ensure consistency, whilst recognising that it may not always be in the public interest to refer cases for criminal proceedings. Any matters considered for prosecution will be subject to the Code for Crown Prosecutors, the evidential test and the Public Interest test.

## 5.5 Protect

- All necessary actions will be taken, including working with other local authorities and fraud prevention agencies, to protect the Council from organised fraud and corruption.
- Fraud prevention measures, a key component in protecting the Council and residents from fraud and corruption, will always be employed.

## 6. Fraud Risks

Fraud risks can change on a regular basis, with fraudsters constantly identifying new ways of fraudulently obtaining financial benefits. The main risks currently facing the Council are:

- Tenancy fraud, including application fraud, subletting, succession, assignment and right to buy fraud;
- Direct payment and other types of social care fraud, such as the wilful deprivation or disposal of capital in order to qualify for support;
- Revenues, including Council tax support, including discounts, exemptions and business rates;
- Procurement fraud;
- Blue badge fraud;
- No recourse to public funds fraud; and
- Employee and contractor fraud.

## 7. Counter Fraud Landscape

It is essential that officers employed within a fraud environment maintain an up to date knowledge of current practices and trends and is involved with organisations that operate within the counter fraud environment. In order to maintain an up to date knowledge and understanding of the key fraud risks the Counter Fraud team:

- Attend London Borough Fraud Investigation Group (LBFIG) meetings;
- Attend relevant conferences and meetings, such as National Anti-Fraud Network (NAFN), National Fraud Initiative (NFI), Cipfa and Cifas;
- Contributes to the annual Cipfa Counter Fraud and Corruption tracker;
- Has regular meetings with services to understand the risks they may be facing,

or that may be emerging;

- Reviews fraud referrals to identify patterns or trends; and,
- Takes advantage of relevant training and development opportunities.

## **8. Response plan for fraud and corruption allegations**

The Counter Fraud Team is responsible for the investigation of all allegations of fraud and corruption against the Council.

Investigations undertaken by the Counter Fraud Team 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.

As part of any investigation, the Council will ensure that:

- Any allegation is dealt with promptly and confidentially.
- All evidence collected is recorded, stored securely and safely.
- Interviews undertaken by Counter Fraud are conducted fairly and in line with the appropriate legislation.
- Human Resources and Legal Services are consulted where appropriate.
- Relevant Directors and managers are informed of the progress of the investigation as appropriate.
- All investigations are conducted in a timely manner.

The investigation should consider whether sanctions that can be applied and redress that will be sought against individuals who commit fraud, bribery and corruption against the Council.

Each matter will be considered individually on its own facts and merits. However, applying a consistent and thorough approach in all cases will ensure that

- Investigations are undertaken in the most effective manner, including the gathering and assessment of all relevant material which may form evidence of fraud, bribery, corruption or related misconduct;
- The most appropriate sanction or combination of sanctions is sought where fraud, bribery, corruption or related misconduct is identified.

The investigation will consider whether any of the following should apply:

- Disciplinary procedures should be initiated where an employee is suspected of being involved in a fraudulent or illegal act;
- Civil or criminal prosecution action should be taken;

- The matter should be referred to the Police;
- Changes are required to the Council's procedures; and
- Any other action should be recommended.

At the conclusion of our investigation, the investigating officer will report their findings to the relevant managers, Director, Head of Human Resources and where appropriate the Chief Operating Officer (Section 151 Officer).

Any decision to prosecute or to refer a matter to the police will be taken, in accordance with the relevant policy, by the Fraud Manager and where appropriate following consultation with the Chief Operating Officer, Legal Services and the Council's Monitoring Officer.

Where necessary, the individual who is subject to the investigation will be informed by the Head of Human Resources of the outcome in writing and advised of what action, if any is to be taken.

Detailed guidance for auditors relating to the conduct of investigations are included in the Counter Fraud manual.

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 reoccurrence.

## **9. Conclusion**

The Council sets and maintains high ethical standards and a culture of openness, with core values of accountability and transparency. This policy 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.

## **10. Further Support, Tools and Guidance**

There are various options for officers, Members and contractors to make referrals of fraud and corruption, bribery, money laundering and whistleblowing. Referrals can be made anonymously, but those making referrals should provide all relevant and available information when doing so. Provision of a contact number or email address is preferred, so officers can contact those making referrals should further information be required, or questions arise. Anonymity will always be respected if required.

In case of any concerns, please contact:

- Any Director, Assistant Director, Head of Assurance, Head of Service, or your line manager;
- A Human Resources officer; and
- [Fraud@havering.gov.uk](mailto:Fraud@havering.gov.uk) for housing / tenancy fraud, council tax, direct payment etc).

## 11. Regulations and Legislation

Relevant acts and legislation are listed below. Current legislation of direct relevance includes, but not restricted to:

- Fraud Act 2006
- Theft Act 1968 and 1978
- Bribery Act 2010
- Computer Misuse Act 1990
- Police and Criminal Evidence Act 1984
- Regulation of Investigatory Powers Act 2000

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

- Employee Code of Conduct
- Financial Framework / Regulations
- Contract Standing Orders
- Whistle-Blowing Policy
- Declarations of Interest Policy
- Business Systems Policy
- Disciplinary Policy
- Counter Fraud Policy
- Anti-Bribery Policy (reviewed April 2021)
- Prosecution & Sanctions Policy (reviewed April 2021)