

REPORT TO:	GENERAL PURPOSES & AUDIT COMMITTEE 25 March 2015
AGENDA ITEM:	13
SUBJECT:	Anti-Fraud Update Report to 31 January 2015
LEAD OFFICER:	Richard, Simpson, Assistant Chief Executive (Corporate Resources & S151 Officer)
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The work of the Audit & Anti-Fraud service helps the Council to improve its value for money by strengthening financial management and further embedding risk management. Improving value for money ensures that the Council delivers effective services contributing to the achievement of the Council vision and priorities. The detection of fraud and better anti-fraud awareness contribute to the perception of a law abiding Borough.</p>	
FINANCIAL SUMMARY:	
<p>The budget provision for the Anti-Fraud service for 2014/15 is £662,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

For general release

1. RECOMMENDATIONS
1.1 The Committee is asked to: <ul style="list-style-type: none"> • Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2014 to 31 January 2015; • Approve the Council's Anti-Fraud Proactive Plan; and • Approve the Council's Anti-Fraud Strategy;

2. EXECUTIVE SUMMARY

- 2.1 This report details the performance of the Council's Corporate Anti-Fraud Team (CAFT) and includes details of the team's targets and actual performance together with an update on developments during the period 1 December 2014 to 31 January 2015.

3. DETAIL

Performance 1 April 2014 to 31 January 2015

- 3.1 The CAFT is made up of 12 staff (11 FTEs), with additional support from Mazars PSIA Ltd, the Council's external strategic partner. The team receives allegations of fraud which relate to several areas of the Council's business.
- 3.2 There are local performance indicators that relate to the Council's anti-fraud work. The two indicators shown in table 1 below reflect the focus of the team. Table 2 shows a breakdown of these figures.

Table 1 – Key performance indicators

	ANNUAL TARGET	YEAR TO DATE PERFORMANCE
Successful Outcomes	90	98
Identified Overpayments & Savings	£2,000,000	£1,931,944

Table 2 - Breakdown of Outcomes from 1 April 2014 – 31 January 2015

Area	£	Outcomes
Housing Benefit	1,113,789	24 Prosecutions
Council Tax Benefit	93,601	18 Cautions
National Benefits (JSA & IS)	118,929	20 Administrative Penalties
Non Benefit	605,625**	4 Dismissals* 5 Other
Housing outcomes		19 Housing related 8 Right to buy stopped

*Includes Investigations resulting in disciplinary action or resignation during the disciplinary process.

**The largest proportion of this figure by value relates to Right to buy discounts that have been prevented as a result of investigations. The largest proportion of this figure by volume comprises Council Tax Rebate and Council tax discount related fraud. In addition a notional saving of one months salary is included with regards to cases where internal investigations have resulted in a member of staff being dismissed or resigning during the disciplinary process.

3.3 As reported in previous Fraud Updates to the General Purposes and Audit Committee the CAFT employs a lay advocate, whose role is to undertake present low level cases to the magistrates court and therefore saves the Council money with regard to legal costs, which are seldom fully recouped in prosecution cases.

3.4 The detail of the lay advocates prosecution work during the course of the year is shown below:

- a. 7 benefit fraud;
- b. 1 disabled parking*; and
- c. 75 education related

*All prosecutions relating to the misuse of blue badges are now to be referred to the lay advocate.

3.5 The savings to the Council as a result of this work being carried out by the lay advocate is calculated to be £111,000. In addition to this saving, court costs have been awarded to the value of £11,450

4. FINANCIAL INVESTIGATION UPDATE

4.1. At the last General Purposes and Audit Committee it was requested that a progress update of the Council's Financial Investigators was provided. The paragraphs below give a broad overview of the role of the Council's Financial Investigators. An overview of their current cases can be found at appendix 1.

4.2. The Council employs two fully qualified Financial Investigators within the CAFT, their role is to utilise the Proceeds of Crime Act 2002 (POCA) in order to identify the amount that criminals have benefitted from their crime, this can be more than the value of the crime itself. For example if a criminal used money from crime to buy a house then all of the equity in that house might be recoverable using the provisions of POCA.

4.3. In addition it is the POCA that allows Council Financial Investigators to seize cash when they find it and then apply for it to be forfeited. For example in a recent arrest, as part of a Trading Standards case, £4,835, mainly in £50 notes, was found in a child's rucksack. The money was seized and a forfeiture order will be applied for because it is suspected that the money is proceeds of crime. The suspect will be asked in court if they have a legitimate reason for having the money and if they cannot give one then the money will be forfeited and is split 50/50 between the Council and HM Treasury.

4.4. Our Financial Investigators undertake work right across the Council's business and also for other Local Authorities (cases from Sutton and Merton are currently under investigation). At present cases comprise investigations from Trading Standards, and benefit fraud.

5. PRO ACTIVE PLAN AND ANTI FRAUD AND CORRUPTION STRATEGY

5.1. Activities are considered for inclusion in the Pro-Active Anti-fraud Plan (appendix 2) based on previous successes, current trends with regard to fraud risks and local priorities. The Plan links closely to the key strands within the Anti-fraud and Corruption Policy which are detailed below.

Anti-Fraud and Corruption Strategy

5.2. The Anti-Fraud and Corruption Strategy (appendix 3) is based on three key strands as per the good practice guidance, Fighting Fraud Locally, these are:

Acknowledge

Assessing and understanding fraud risks, committing support and resource to tackling fraud, maintain a robust anti-fraud response

Prevent

Making better use of information technology, enhancing fraud controls and process, developing a more effective anti-fraud culture

Pursue

Prioritising fraud recovery and the use of civil sanctions, collaborating across local authorities and with local law enforcement

5.3. The Anti-Fraud Strategy sets out the Council's policy and strategy in relation to fraud and corruption and is brought to the General Purposes and Audit Committee annually for approval.

5.4. This year the changes that have been made are as follows:

- a. References to the Audit Advisory Committee have been replaced with the General Purposes and Audit Committee;
- b. References to a single financial investigator have been altered to represent the current position, which is that the Council has two Financial Investigators;
- c. Reference to the National Fraud Authority is removed as it is now disbanded; and
- d. Reference to the Audit Commission is removed as it will not exist from April 2015.

5.5. A full copy of the amended strategy is attached at Appendix 3. Members' endorsement of this strategy helps communicate a message of support for the anti-fraud activities undertaken by Council and helps show the community that fraud within the Borough is taken seriously and tackled. In addition it shows Council staff, contractors and stakeholders that Members are keen to reduce fraud against the Council to a minimum.

6. LOCAL GOVERNMENT TRANSPARENCY CODE

6.1 Members will be aware of the Local Government Transparency Code which requires Councils to publish data about various areas of their activities. Included in the 2014 code is detail on Counter Fraud work, most of this information has always been reported to committee; however there are some new areas which now need to be made public. These are detailed below:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	8
Total number of employees undertaking investigations and prosecutions relating to fraud	13
Total number of full time equivalent employees undertaking investigations and prosecutions of fraud	12.1
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	11
Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	10.1
Total number of fraud cases investigated*	430

*The total number of investigations that have been closed during the period April 2014 – January 2015.

6.2 It should be noted that from March 2015 the responsibility for the investigation of benefit fraud transfers to the Department for Works and Pensions and some accredited investigators from the CAFT are transferring to the DWP’s Single Fraud Investigation Service. Details of this move were reported to the meeting of this Committee on 17 September 2014 (report reference A34/14).

7. FINANCIAL AND RISK ASSESSMENTS

7.1 The budget provision for the audit and anti-fraud service for 2014/15 is £662,000 and the service has been delivered within budget.

7.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Dianne Ellender, Head of Finance and Deputy S151 Officer)

8. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 8.1 The Solicitor to the Council advises that there are no additional legal implications arising from this report

(Approved by: James Derby, Corporate Solicitor, on behalf of the Council Solicitor and Monitoring Officer)

9. HUMAN RESOURCES IMPACT

- 9.1 Where the Corporate Anti-Fraud Team carry out investigations into allegations against members of staff then this is done in conjunction with HR staff and in line with the Council's disciplinary procedure.

(Approved by: Heather Daley, Director of HR)

10. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, CRIME AND DISORDER REDUCTION & HUMAN RIGHTS IMPACTS

- 10.1 There are no further considerations in these areas.

11. EQUALITIES IMPACT ASSESSMENT

- 11.1 An initial screening equalities impact assessment was been completed for the Anti-fraud and Corruption Policy. In light of this review additional data is collected to test whether the profile of fraud cases is significantly different to the profile of the biggest group of service users that may be impacted by anti-fraud activities: Housing and Council Tax Benefits claimants. This exercise is being carried out within the framework of a Partial Equalities Impact assessment as set out in the Croydon EIA Toolkit. With the loss of benefit investigation work (see report to the September 2014 meeting of this Committee), this approach is to be reviewed after the transfer.

CONTACT OFFICER: Simon Maddocks (Head of Governance)

Overview of Financial Investigators' cases

Case reference	Source	Detail
165558	Trading standards, Croydon	£4835 seized, we will be requesting forfeiture of the money when the matter is heard by the court.
161366	Trading Standards, Sutton	£3,000 seized, defendant was found guilty. The defendant was given a 12 month community order for 280 hours unpaid work and ordered to pay £4500.00 in costs. At the next hearing a request for forfeiture of the cash will be made.
128544	Benefit fraud investigation, Croydon	Confiscation hearing planned for June 2015, further work to establish value of the benefit is being undertaken. (Overpayment £142,032.96.)
198071	Trading Standards, Croydon	Confiscation hearing planned for September 2015, further work to establish value of the benefit is being undertaken. The value of the money taken from vulnerable elderly residents is in the region of £31,000.
136460	Benefit fraud investigation, Croydon	£22,100 was seized from the bottom of the subjects' wardrobe. Trial is due to begin in March 2015 for 5 weeks. After conviction a request for forfeiture of the cash will be made.

The cases detailed in the table below are subject to confiscation orders, payments are made to the Court Collection Service who then monies due to the Council.

Case reference	Source	Detail
115216	Benefit fraud investigation, Croydon	False claim for £29,284 in benefits from the Council and Department for Work and Pensions. The confiscation order was for £19,000, paid as £9,500 to the DWP and £9,500 to LBC. The subject has been reluctant to pay the money and she has served a default prison sentence. She is currently re-paying £20 a month to the court collection Service.
107630	Benefit fraud investigation, Croydon	The subject and his wife falsely claimed £43,000 from the Council and a confiscation order was made for £1.2 million. A third party, allegedly the subject's cousin has paid £11,000. The subject has failed to attend the enforcement court so an arrest warrant has been issued. Attempts to trace the subject have been unsuccessful to date.
107659	Benefit fraud investigation, Croydon	The subject falsely claimed £100,893 in benefits and the confiscation order is for £23,254. The Subject has been attending the enforcement court but says she has had problems in selling her only asset, the house. She is currently repaying £20 a month
115221	Direct payment investigation, Croydon	The subject falsely claimed £50,000 and the confiscation order is for £57,178. The subject is due to start paying from March 2015. Failure to repay will result in an 18 month prison sentence, after which the debt will still

		be payable.
128706	Benefit fraud investigation, Croydon	The subject falsely claimed £40,244 and the confiscation order is for £283,214, this has to be paid by March 2015 and failure will mean the subject's return to prison for 42 months.
107660	Benefit fraud investigation, Croydon_	The subject falsely claimed £26,456 and the case is due to be heard in July 2015. At which time it is planned that a confiscation order will be requested to the value of £51,787.

Appendix 2

**London Borough of Croydon
Pro-active Anti-Fraud Plan 2015/16**

March 2015

Introduction

This document sets out the Council's Pro-Active Anti-Fraud plan.

We know that fraud will be attempted against the Council during the coming year and as a result we will maintain a team dedicated to preventing fraudulent attempts becoming successful, investigating allegations of fraud, seeking to punish those who have committed fraudulent acts against the Council, identifying losses to be recovered and, where appropriate, taking recovery action in accordance with the Proceeds of Crime Act through financial investigations.

The Council's Anti-Fraud Policy outlines a three strand approach to countering fraud under the following headings:

Acknowledge:

Acknowledging and understanding fraud risks;

Prevent:

Preventing and detecting more fraud

Pursue:

Taking a robust approach to investigation and seeking to punish those who have defrauded the Council and recovering losses

The activities and target outcomes described in the pro-active plan below link to an overall aims of the anti-fraud policy, acknowledging, preventing and pursuing fraud.

Acknowledge

Assessing and understanding fraud risks, committing support and resource to tackling fraud, maintain a robust anti-fraud response

Activity	Detail	Target Outcomes
<p>Using DCLG funding we plan to work with partner organisations to tackle fraud and fraud risk among those receiving payments from the No Recourse to Public Funds Team and help detect NHS patients receiving treatment for free who should be paying.</p>	<p>The project to tackle health tourism and those with no recourse to public funds is a joint operation seeing the CAFT engage with the Local NHS and Home Office.</p> <p>The exercise will use data matching techniques to identify individuals receiving payments from the Council because their immigration status precludes them from receiving other Social Security benefits and where there is a risk of fraud. It was recognised that the same individuals that pose a fraud risk with regard to Council payments may also present risks to the NHS with regard to people receiving treatment to which they are not entitled, cases raised in this area will be investigated by the NHS.</p>	<p>That anyone receiving payments from the Council's Recourse to Public Funds Team as a result of fraud or error will be identified and recovery of overpaid monies will be sought.</p> <p>Assurance that those in receipt of payments from the Council's No Recourse to Public Funds Team are genuinely entitled to those payments.</p> <p>That data shared with the NHS will assist them in tackling the risk of fraud in health care.</p>

Prevent

Making better use of information technology, enhancing fraud controls and process, developing a more effective anti fraud culture

Activity	Detail	Target Outcomes
Continue to write the Fraud Defence newsletter and send it Council wide and to various stake holders.	Since 2007 the Corporate Anti-Fraud Team has delivered a quarterly newsletter called Fraud Defence (formerly Counter Defence), to managers within the Council for dissemination to their teams. Last year we raised the profile of this newsletter to external stakeholders and partners to encourage more and better joint working and awareness of fraud risks we will continue to write and deliver this Newsletter during 2015/16.	Maintain and enhance the Counter Fraud Culture of the Council; and Raise the profile of the Council's Corporate Anti-Fraud Team. In order to demonstrate this we will request feedback during the course of the year from recipients of the newsletter
Maintain the Conduct and Fraud Awareness module of the Council's management development programme	<p>The Head of Governance and Fraud Manager deliver training on Fraud and Conduct to Managers as part of the Management Development Programme, this is a vital means of shaping the culture of the organisation. We will continue this programme of work alongside other awareness activities</p> <p>This work reinforces messages about the standards of behaviour expected from staff, ways to consider fraud risks and how and when to report suspicions of fraud. We will also ensure key anti-fraud messages and fraud risk trends are included.</p>	<p>To help prevent fraud through raising the profile of counter fraud controls and helping managers increase their awareness of fraud risk and disseminate these messages to their teams.</p> <p>In order to monitor this we will request feedback from delegates on the Management Development Programme.</p>

Pursue

Prioritising fraud recover and the use of civil sanctions, collaborating across local authorities and with local law enforcement

Activity	Detail	Target Outcomes
National Fraud Initiative	<p>This national data matching initiative is run every two years. Although ad-hoc matches are now also conducted throughout the intervening years.</p> <p>During 2014/15 we submitted data to be used in the exercise and we will be investigating various anomalies across a range data matches that have been received by the council during 2015/16.</p>	<p>To identify fraud, error and overpayments.</p> <p>We will report to the General Purposes and Audit Committee on the outcome of cases, including the number and value of cases we have looked at.</p>
Croydon fraud and Enforcement Forum	<p>The Council will continue to develop the Fraud and Enforcement Forum with key internal and external partners. Building on current successes the Council will combat fraud across the borough with our partners. Endeavouring to build more and better links with the partners in the Housing Sector</p>	<p>In order to monitor the successes of the Fraud and Enforcement Partnership we will request feedback from its members and examples of cases that have been investigated utilising joint working capability developed through the forum</p>
Local Authority Financial Investigators Forum	<p>To Share good practices with other Financial Investigators who are engaged in tracing and recovering assets of people who commit Fraud against the council.</p>	<p>In order to monitor the successes of the Local Authority Financial Investigators Forum we will request feedback from its members and examples of cases that have been successful as a result of information received through the forum.</p>

London Borough of Croydon Anti-Fraud & Corruption Strategy

1. Introduction

2. Definitions

- 2.1 What is Fraud?
- 2.2 What is Corruption?
- 2.3 What is Theft?
- 2.4 What is Financial Malpractice/Irregularity?

3. Statement of Intent and Strategy

- 3.1 Acknowledge
- 3.2 Prevent
- 3.3 Pursue

4. Responsibilities

- 4.1 Corporate Responsibilities
- 4.2 Councillor Responsibilities
- 4.3 Manager Responsibilities
- 4.4 Employee Responsibilities
- 4.5 Contractor Responsibilities
- 4.6 Internal Audit & Corporate Anti-Fraud Team Responsibilities
- 4.7 General Public – Responsibilities

5. Reporting a Fraud

6. Awareness & Monitoring

1. Introduction

1.1 This document sets out the Council's policy and strategy in relation to fraud and corruption. It has the full support of the Council's General Purposes & Audit Committee, Governance Board and Senior Leadership Team.

1.2 We are responsible for paying or spending millions of pounds of public money in delivering services, assistance and paying benefits. In addition the Council is responsible for the management of various buildings and other assets. We are committed to ensuring that those funds and assets are legitimately used and only those entitled to services and benefits receive them. However, we recognise that all organisations within the public and private sector are at risk of fraud and in order to fulfill the Council's corporate strategy we will maximise the resources available to us by reducing fraud and misappropriation to a minimum.

1.3 The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and prosecution or a combination of these sanctions, we will also seek to recover losses incurred through fraud.

1.4 Central to this, we have a dedicated Corporate Anti-Fraud Team who will investigate allegations of fraud and corruption across all Council service areas. The Corporate Anti-Fraud Team includes a Financial Investigator whose role is to recover losses and make sure any person(s) defrauding the Council does not benefit from their ill-gotten gains. Our strategy is based upon three key themes as identified by the National Fraud Authority in 'Fighting Fraud Locally' they are:

- Acknowledge;
- Prevent;
- Pursue

1.5 These themes exist within the overall context of an Anti-Fraud Culture promoted by the Council through its leaders, governance arrangements and general approach to fraud and corruption.

1.6 This Anti-Fraud and Corruption Strategy summarises the Council's position, building on the content of a number of corporate policy statements, including:

- Members Code of Conduct;
- Officers Code of Conduct;
- Whistle-blowing Policy;
- Anti-Money Laundering Policy;
- Anti-Bribery Policy;
- Financial Regulations;
- Procurement Handbook and Contract Regulations; and

- The Procedures for the Investigation of Financial Irregularities and Fraud
- 1.7 Overarching the above policies is the fact that Council Members and Officers are expected to adopt the highest standards of propriety and to follow the 'Nolan' principles of public life which are:
- Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership

2. Defining Fraud

What is fraud?

- 2.1 The Fraud Act 2006 details the legal definitions of fraud, and is used for the criminal prosecution of most fraud offences. The Council also deals with fraud in non-criminal matters. For the purposes of this Strategy fraud is defined as: A dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the borough or the wider national community.
- 2.2 The definition covers various offences including: deception, forgery, theft, misappropriation, collusion and misrepresentation. Although use in this context is not intended to limit the full use of the Fraud Act 2006 in the investigation and prosecution, by the Council, of any offences.

What is Corruption?

- 2.3 Corruption is the offering or acceptance of inducements designed to influence official action or decision-making. These inducements can take many forms including cash, holidays, event tickets, meals, etc.
- 2.4 The Bribery Act 2010 creates offences relating to Bribery and the Council's stance with regard to bribery is outlined in the Anti-Bribery Policy

What is Theft?

- 2.5 The Theft Act 1968 details the legal definition of theft. For the purposes of this Strategy theft is defined as the taking without consent and with the intention of not returning any property belonging to the Council or which has been entrusted to it e.g. client funds), including cash, equipment, vehicles, data, etc.
- 2.6 Theft does not necessarily require fraud to be committed. Theft can also include the taking of property belonging to our staff or Members whilst on Council property.

What is Financial Malpractice/Irregularity?

- 2.7 This term is used to describe any actions that represent a deliberate serious breach of accounting principles, financial regulations or any of the Council's

financial governance arrangements. They do not have to result in personal gain.

3. Statement of Intent and Strategy

- 3.1 We recognise that dealing with fraud is important and that it has a duty to Council Tax payers and Central Government to ensure that all public funds are administered correctly.
- 3.2 Our strategy combating fraud and corruption is made up of the following key elements:

Acknowledge

We acknowledge that as an organisation we are at risk of fraud and will seek to understand our fraud risks, we will:

- Maintain a Corporate Anti-Fraud Team whose members are trained and qualified to the level of Accredited Counter Fraud Officers;
- Maintain a Financial Investigation capability qualified in accordance with the Proceeds of Crime Act 2008;

Prevent

Council recognises that fraud and corruption are costly, both in terms of financial losses and reputational risk. The prevention and detection of fraud is therefore a key objective of the authority. The Internal Audit Team and the Corporate Anti-Fraud Team work side by side to provide the Council's audit and fraud investigation functions. They employ a multi-disciplinary approach that includes pro-active work determined by a formal risk assessment. In addition the team are free to work with other agencies in pursuance of the Council's anti-fraud aims. In addition the prevention and detection includes a commitment to:

- Seek to promote an anti-fraud culture across the community by publicising the impact of fraud on the community. We will also seek to assist our partners and stakeholders to understand and reduce the threats of fraud. Furthermore we will seek to deter fraudsters through specific publicity and general campaigns.
- Publicise counter fraud work to the widest possible audience and all successful prosecutions will be reported to the media;
- Undertake data matching with other Local Authorities and relevant external organisations to pro-actively identify fraudulent activity.
- Continue to subscribe to the and work with the National Anti - Fraud Network (NAFN) to ensure it has access to all intelligence sources to combat fraud and corruption.
- Operate a Whistleblowing policy to ensure concerns of internal probity can be raised and this policy is operated in accordance with the Public Disclosure at Work Act to ensure protection for those who come forward.
- Prevent fraud from entering the system in the first place by ensuring that all appropriate staff receive fraud awareness training.

Pursue

The Council will take a strong approach to punishing fraud and recovering fraud losses:

- In cases where fraud is discovered we will take criminal, civil or disciplinary action or a combination of these. Decisions will be based on our HR policies and the Code for Crown Prosecutors which includes the evidential and public interest tests for prosecution;
- In all appropriate cases of fraud or corruption recovery action will be taken to ensure the money is returned to us, this may include civil recovery methods or recovery through criminal proceedings using the Proceeds of Crime Act where appropriate.
- The Corporate Anti - Fraud Team will continue to work in partnership with other organisations such as the Department for Work and Pensions, the UK Borders Agency and the Metropolitan Police.

4. Responsibilities

Corporate Responsibilities

- 4.1 The Council is committed to the maintenance of a robust framework of procedures and policies, which if adhered to, will prevent fraud. The whistle blowing process and fraud hotline bolster these processes by being a deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.
- 4.2 The endorsement of this strategy sends a clear message that fraud against the Council will not be tolerated and where reported it will be investigated and where identified will be dealt with in a professional and timely manner using the strongest punishment available in accordance with available guidance. In addition restitution will always be sought for the loss incurred. Through the creation and enhancement of a strong Anti-Fraud Culture the Council aims to deter potential perpetrators from targeting its finances and services. Within the corporate framework there are a number of facets that exist to protect the Council against fraud. These include:
- The Constitution, Financial Regulations, and the Scheme of Delegation;
 - An established Committee fulfilling the role of an audit committee;
 - An established Ethics Committee and an adopted code of conduct for Members;
 - Statutory responsibility for the oversight of all financial and legal affairs;
 - Declaration of interest and gifts and hospitality procedures for Members and Officers;
 - Effective employee vetting procedures - recruitment checks and DBS where appropriate and a detailed staff Code of Conduct;
 - Internal controls regularly reviewed and annually certificated by directors;
 - Periodic checks by Internal Audit in line with a risk based Audit Plan;
 - A confidential reporting code (Whistle-blowing procedure);
 - A Complaints procedure available to the public;
 - An External Audit;
 - A Corporate Anti-Fraud Team and Financial Investigators;

- Participation in the National Fraud Initiative, and membership of the National Anti-Fraud Network; and
- Webpages on the intranet offering governance and anti-fraud advice to employees.

Councillor Responsibilities

- 4.3 The Council's Members lead by example at all times, maintaining the highest standards of probity, honesty, integrity and accountability in their dealings. This expectation is detailed in the Council's Constitution under the Members Code of Conduct, available on the Council's internet and intranet sites.
- 4.4 Councillors are required to declare any potential conflicts of interest that could be deemed to impact on the way they perform their roles. Councillors are also required to register any gifts or hospitality offered or received over a given value.

Manager Responsibilities

- 4.5 Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility and that these controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud, therefore, rests with managers who are required to assess the types of risks and scope for potential internal and external frauds associated with the operations in their area. Internal Audit undertake independent assessments of the key risks and associated controls within systems across the Council.
- 4.6 Managers will ensure that staff receive training in 'Fraud Awareness'. The level and extent of this will depend on the work that individual employees carry out. When employees are an integral part of the control framework, it is crucial they are regularly reminded of fraud and risk issues.
- 4.7 Managers are required to report all instances of suspected, reported or detected fraud to the Head of Governance or the Corporate Investigations Manager, who will offer advice on the best approach to each incident. This ensures that there is a consistent and co-ordinated professional approach to all investigations and that the associated procedures are fully compliant with legislation.

Employee Responsibilities

- 4.8 Members of staff are a very important element in the Council's efforts to combat fraud and corruption. The Officers' Code of Conduct explains the requirement for all staff to be vigilant and describes how they should raise any concerns they may have.
- 4.9 The Code requires that employees report their suspicions or knowledge of any possible fraud or corruption to their Line Manager. Where an employee feels unable to use this route they are expected to report to the Head of Service or independently to the Head of Governance.

- 4.10 Through its Whistle-blowing Policy the Council provides employees and councillors with the means to report instances of suspected fraud, corruption or breaches of the Council's policies. The policy offers employees and councillors protection from recrimination and allows them anonymity if they so choose.

Contractor Responsibilities

- 4.11 The Council expects all contractors it has dealings with to act with complete honesty and integrity in all dealings with the Council, its service users and residents. The Council requires the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. Contractors or their employees may report all concerns to the Council's client-side staff who will in turn report the matter to the appropriate line manager or they may make a report using the Council's whistle blowing policy.

Internal Audit and Corporate Anti-Fraud Team Responsibilities

- 4.12 As part of the Council's system of internal control the Internal Audit team are required to undertake a risk-based assessment of all major systems operating across the Council and undertake an agreed plan of audits to test the controls in place.
- 4.13 The Council provides an anti-fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption.
- 4.14 The Head of Governance is responsible for making appropriate arrangements to co-ordinate the Council work on the Audit Commission's National Fraud Initiatives and to undertake internal data matching across council systems.
- 4.15 The Corporate Investigations Manager will advise Directors of all instances of reported or detected fraud or corruption in their service area and where appropriate undertake any subsequent investigation.
- 4.16 The Corporate Investigations Manager is responsible for reporting to and liaising with the local police on individual cases and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.

General Public – Responsibilities

- 4.17 The Council's expectation is that residents, service users and other members of the public will not tolerate abuse of the Council's assets or services. They are therefore encouraged to report any suspicions or knowledge they may have regarding any acts of fraud and corruption being perpetrated against the Council.
- 4.18 The public are made aware of the Corporate Anti-Fraud Team's hotline and the DWP's National Benefit Fraud Hotline. A dedicated investigation mailbox and appropriate media campaigns including handouts and posters. The

contact numbers/ addresses are secure and all referrals are treated professionally and in confidence.

5. Reporting a Fraud

5.1 The telephone numbers/email addresses to report of concerns relating to fraud corruption or other financial irregularities to are:

- The Corporate Anti-Fraud Team on 020 8760 5645
- Internal Audit on 020 8760 5788
- National Benefit Fraud Hotline 0800 854 440
- Public Concern at Work on 0207 404 6609 (whistleblowing advice line – Employees only)

Introduced	Audit Advisory Committee 26 March 2013
Last Reviewed	General Purposes & Audit Committee 25 March 2015
Next review	March 2016