

## **Appendix 1**

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## 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 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 fulfil 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 and as a part of our Insurance and Risk functions, we have a dedicated Anti-Fraud Team who will investigate allegations of fraud and corruption across all Council service areas. The Anti-Fraud Team includes two Financial Investigators 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 five key themes identified in 'Fighting Fraud & Corruption Locally: A strategy for the 2020s' endorsed by the Local Government Association:
- Govern;
  - Acknowledge;
  - Prevent;
  - Pursue;
  - Protect
- 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;
- Contract and Tender 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:

### **Govern**

Having robust arrangements and executive support as part of Croydon's Code of Governance, to ensure antifraud, bribery and corruption measures are embedded throughout the organisation.

## **Acknowledge**

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

- Maintain an Anti-Fraud Team whose members are trained and qualified to the latest public sector counter fraud accreditation
- Maintain a fraud risk register:

## **Prevent**

The 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 Anti-Fraud Team work side by side to provide the Council's audit and fraud investigation functions. They employ a multidisciplinary 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 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 Anti - Fraud Team will continue to work in partnership with other organisations such as the Department for Work and Pensions, UK Visas and Immigration, Border Force and Immigration Enforcement and the Metropolitan Police.

### **Protect**

Croydon Council recognises the harm that fraud can cause in the community and is committed to protecting itself and its' residents from fraud

## **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 dedicated 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 Insurance, Risk and Anti-Fraud or the Anti-Fraud team 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 Insurance, Risk and anti-Fraud.
- 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 same standards of contractors as direct employees in that contractors are required 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. The council is designated as a prosecuting authority by the Local Government Act 1972.
- 4.14 The Head of Anti-Fraud, Risk and Insurance is responsible for making appropriate arrangements to co-ordinate the Council work on the Cabinet Office's National Fraud Initiative (NFI) in respect of internal data matching across council systems.
- 4.15 The Head of Anti-Fraud, Risk & Insurance, or alternatively the Anti-Fraud Investigation Team Leader will advise Directors (or the appropriate Head of Service) of all instances of reported or detected fraud or corruption in their service area and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.
- 4.16 The assigned Investigations Officer is responsible for reporting to and liaising with all relevant agencies on individual cases to help ensure that follow up actions are taken and co-ordinated as appropriate.

### **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 Anti-Fraud Team's hotline and the DWP's National Benefit Fraud Hotline. A dedicated investigation email mailbox is maintained and along with the contact numbers/ addresses are securely maintained 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 Anti-Fraud Team hotline on 020 8760 5645 or [caft@croydon.gov.uk](mailto:caft@croydon.gov.uk)
- Internal Audit email address [092295@croydon.gov.uk](mailto:092295@croydon.gov.uk)
- National Benefit Fraud Hotline 0800 854 440
- Protect at [Contact our Advice Line - Protect - Speak up stop harm \(protect-advice.org.uk\)](https://protect-advice.org.uk) (Employees only)