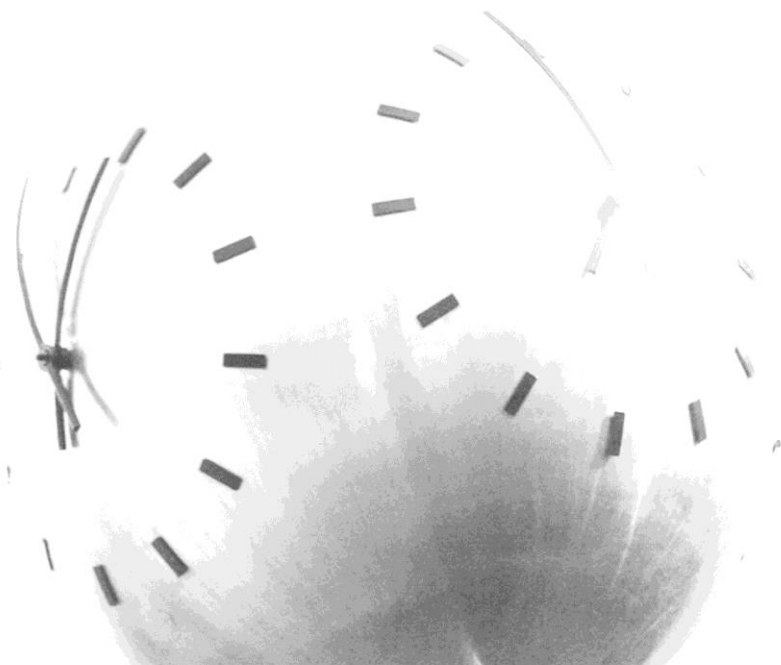


Counter Fraud Strategy – March 2017

Strategic and Executive Support
Mike Porter, Audit & Counter Fraud Manager



Key Information

Author:	Mike Porter, Audit & Counter Fraud Manager
Section/Directorate:	Strategic and Executive Support
External Consultation:	None
Internal Consultation:	Housing Services Revenue and Benefits Silver & Gold management
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Strategy Approval – Officer Level	Kieran Carrigan, Chief Financial Officer and Commissioning Director Resourcing and Place Shaping
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Appendix A – Action Plan

1. Introduction

Basildon Council is committed to protecting public funds by the prevention and detection of fraudulent activity across the Borough. In the current climate of reduced funding and financial hardship it is more important than ever that losses to the Council as a result of fraud and corruption are kept to a minimum to ensure that our limited resources are used for their intended purpose.

To deliver successfully against the Counter Fraud Policy the Council's approach and key priorities for the next three years are confirmed in this Strategy, which will be subject to regular review. Key actions have been identified and are set out in the Strategy Action Plan at Appendix A.

2. Strategy Context

The ongoing delivery of the strategy will be based upon comprehensive ongoing risk assessments in all areas of council activity, to reduce losses from fraud and corruption to an absolute minimum, through:

- Reinforcing an organisational culture of zero tolerance to fraud and corruption
- Encouraging prevention
- Pro-actively detecting fraud and corruption
- The instigation of legal, disciplinary and recovery action against any individual found to have acted fraudulently or corruptly in their relationship and dealings with the Council

This holistic approach to tackling fraud and corruption will become an integral part of existing governance arrangements, policies and procedures. Providing a raft of measures and interventions designed collectively to deter would be offenders.

As a living document it is envisaged that this strategy will continually evolve as the Council gains a better understanding of the potential threat from fraud and corruption and as new and existing partnerships develop. The strategic ambitions will be further supported in practical terms by an operational delivery plan.

Why is important to us to protect Basildon residents?

Any fraudulent or corrupt act committed against the council effectively constitutes theft of taxpayers' money. It is unlawful and deprives the Council of resources which should be available to provide public services.

How does this strategy fit with the council's overall business plan?

Basildon Borough Council is committed to improving the lives of our residents and creating opportunity and prosperity for local people and businesses.

Underpinning this, the delivery of the council's vision is governed by a set of 3 core principles, which include:

- Getting the Basics Right,
- Value for Money and Strong Governance
- Working with others

These principles direct how we do business: our way of thinking, leadership style, values and behaviours and approach to designing and running services so we can provide high quality, low cost, customer focused services, ensure local, open and honest decision making and work with partners to support Basildon's communities.

The Fraud and Corruption Strategy underpins these principles in seeking to ensure sound governance. In adopting this approach and culture the strategy supports the outcomes in enabling greater engagement with the community and partners, whilst protecting the public purse. As such this strategy is a key support for the delivery of the business plan.

3. Approach

Minimising fraud and irregularity is everyone's business. Whilst specialist teams have a key role, the Council expects the highest standards of probity, propriety and conduct from all Elected Members, employees and contractors. This includes a requirement to act lawfully and to comply at all times with the Council's policies, procedures and regulations.

The Council will fulfil its aim to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally' and in the Council's Counter Fraud Policy. The three key themes of this approach are Acknowledge, Prevent and Pursue and are key to delivery of the priorities outlined in the counter fraud policy.

Acknowledge	Prevent	Pursue
Acknowledging and understanding fraud risks	Preventing and detecting more fraud	Being stronger in punishing fraud/recovering losses
<ul style="list-style-type: none"> ▪ Assessing and understanding fraud risks ▪ Committing support and resource to tackling fraud ▪ Maintaining a robust anti-fraud response. 	<ul style="list-style-type: none"> ▪ Making better use of information and technology ▪ Enhancing fraud controls and processes ▪ Developing a more effective anti-fraud culture. 	<ul style="list-style-type: none"> ▪ Prioritising fraud recovery and the use of civil sanctions ▪ Developing capability and capacity to punish fraudsters ▪ Collaborating with law enforcement.

Acknowledge

The ongoing development of this strategy will be informed through gaining a clear understanding of the threat, emerging risks, trends and the savings that can be achieved by investing in counter fraud and corruption. This will focus on greater use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas. We will also be focusing on raising staff awareness of the risks of fraud and corruption and what they can do to prevent or identify it.

Existing measures to prevent fraud and corruption will be strengthened through the establishment of a dedicated fraud investigation team that will have the capability and capacity to:

- Investigate allegations of fraud and corruption
- Prosecute and sanction offenders
- Identify fraud prevention controls across the organisation

Whistleblowing remains the most common way that fraud and corruption is detected in large organisations. The Council will raise awareness and continually promote its whistle blowing policy and other associated policies and procedures ensuring all reports of suspected fraud or corruption are treated seriously and acted upon. Thereby developing a robust and proportionate response to counter any threats. The Council will also ensure that people have confidence in the Whistleblowing policy and arrangements and are confident and protected when raising issues.

Prevent

The best way to fight fraud and corruption is to prevent it happening in the first place. The Council will continually work towards realigning counter fraud resources away from enforcement towards prevention; ultimately, aiming to deter all would-be offenders

The Council has already established a robust framework of procedures and controls which provide the major elements of its anti-fraud and corruption governance arrangements. This strategy is an integral part of a series of interrelated policies, procedures and controls designed to deter any attempted fraudulent or corrupt act. These policies, procedures and controls include:

- Council Constitution including Financial Regulations
- Internal Control Systems and Procedures
- Standards Committee
- Code of Conduct for Councillors; for Employees
- Registers of Interest
- Gifts & Hospitality Procedure
- Procurement Rules and Guidance
- Anti Money Laundering Policy and Procedures
- Whistle Blowing Policy
- HR policies and procedures for managing performance including disciplinary matters
- HR policies and procedures for managing recruitment (employee vetting procedures)
- I.T. Security Policy
- Information Sharing Arrangements

A priority aim is to fully integrate this strategy into existing policies, procedures and controls' ensuring it becomes a key part of the council's governance and risk management framework. Preventative measures will be supported by ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk based audit reviews.

A key feature in the drive towards preventing fraud and corruption at the outset will be the ongoing use and development of information sharing as well as better use of data to verify and validate transactions. The sheer diversity of the services the Council and its partners provide and the multiplicity of systems used to manage them generates

huge volumes of records and data. The Council will reengineer its fraud detection processes by comparing data from a variety of its systems, as well as, partners systems to identify anomalies, improve information sharing across services and inform the risk management process.

The Council is resolute that the culture and tone of the authority is one of honesty with zero tolerance towards fraud and corruption, this is already demonstrated through its behavioural framework and codes of conduct for employees and Members of the Council. The right organisational culture will be continually reinforced by:

- Raising awareness of this strategy to new and existing employees
- Publicising the results of all proactive work, sanctions and recovery of losses due to fraud and corruption increase and maintain the general public awareness of the facilities available to report concerns about fraud and corruption.

Basildon will seek to deter any fraudulent activity by publicising all criminal convictions of those found to have committed fraud against the Council. Press releases will always follow successful prosecutions. In addition Basildon will take every opportunity to publicise the number of disciplinary, regulatory or civil sanctions taken against those who commit fraud against the Council.

Unfortunately, it will not be possible for us to prevent all fraud as some people will always see committing fraud as an entitlement and will seek new ways of 'beating the system'. Basildon has counter fraud officers based within its Internal Audit and Counter Fraud Section. There are also officers employed within the Revenues and Benefits Department as part of the Compliance Team, responsible for reviewing all reductions, discounts and exemptions specific to Council Tax and Non Domestic Rates (NDR), to ensure that they are granted correctly. Where incorrect, the reduction, discount or exemption is removed or reduced accordingly and penalties applied in line with policies and legislation.

National schemes such as the National Fraud Initiative (NFI) are examples of national fraud detection tools that identify many frauds that may have previously gone unnoticed. This is achieved by matching data from numerous sources to identify discrepancies. Perceived irregularities are then forwarded to local authority and Department for Work and Pensions (DWP) counter fraud teams to carry out risk assessment exercises and ultimately to conduct investigations. Basildon Council no longer deals with benefit fraud investigations this activity was transferred to the DWP under its Single Fraud Investigation Service (SFIS) with effect from September 2015.

In addition to specific counter fraud activity, all managers play a major role by regularly checking of work in areas of risk, thus detecting fraudulent activity at the earliest opportunity. Exception reporting will further assist in achieving the identification of fraud.

We believe the best defence against fraud, corruption and bribery is to create a strong anti-fraud culture within the organisation. We promote the 'seven principles of public life' put forward by the Nolan Committee and expect all our staff, including contractors, and councillors to make themselves aware of and to follow these principles and all legal rules, procedures and practices, and to protect our legitimate interests at all times.

These principles are:

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

Pursue

We will commit to making efforts to proactively seek out instances of fraud and take effective action once it is identified. The Council will make best use of its communications strategy to highlight instances of fraud, for the purposes of seeking the maximum deterrence effect.

Fraud must not pay, where fraud or corruption is discovered the full range of sanctions will be deployed, including civil, disciplinary and criminal action. Every effort will be made to recoup losses and confiscate assets gained as a result of criminal activity. We will enhance our provision further by making best use of existing legislation, for example the Proceeds of Crime Act 2002, to ensure that funds are recovered, where possible by the Council.

Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud. Successful prosecutions require cases to be professionally investigated ensuring all evidence is collected within the law. Investigative staff must be adequately trained with the appropriate skills and access to specialist resources to secure effective prosecutions.

Organised fraud has no respect for boundaries and can cross a range of organisations and services. Effective cooperation and joint working between local authorities and with other agencies including the Police will be essential in the ongoing development of the Council's strategic response.

We are developing a communication strategy which will set out our detailed approach but this will be underpinned by our commitment to always be proactive in promoting our culture and approach to fraud and corruption, both internally to the council's staff and councillors, but also externally to the public, businesses and partners. We will always publicise successful prosecutions. We will also listen to and take seriously all allegations.

Basildon's counter-fraud officers are accredited counter-fraud professionals who have undergone extensive training in the investigation of fraud. Counter-fraud officers employed at Basildon have far-reaching powers to obtain employment records, bank account records, other financial records, applications for mortgages, credit cards and a host of other records that may be considered to be confidential. Records of this nature can legally be accessed by accredited counter fraud investigation officers where there is a reasonable suspicion of fraud.

Where money has been lost due to fraudulent activity Basildon will always seek to recover the money along with any penalties that may have been imposed. In recovering overpayments the Council is usually governed by strict guidelines regarding how much can be recovered per week/month when the person repaying the money is in receipt of benefits. Where fraud is established the limitations are usually relaxed allowing swifter recovery of the amount overpaid. In such instances Basildon Council will always

seek to recover as much as possible to ensure the overpayment is repaid as promptly as possible.

4. Strategy Action Plan

Key Actions

Please refer to Appendix 1. There may be some realignment of existing resources, in terms of delivery of the strategy but at this stage it is not anticipated that there will be any additional financial implications as a result of undertaking this project.

Monitoring

The Council's Counter Fraud Policy, Strategy and associated guidance forms part of the Council's Corporate Governance arrangements. There is a requirement for the Council to monitor the outcome of this Strategy and to review its effectiveness.

Counter fraud arrangements will be evaluated through the implementation of the Strategy and through the outcome of audit work identified in the Counter Fraud Audit Plan. Progress will be monitored by the Audit & Risk Committee and be reported as part of the Annual Governance Statement.

Governance

This strategy is subject to review every three years and the Audit & Counter Fraud Manager is responsible for this Strategy. Any significant revisions to this strategy will be approved by the Chief Financial Officer.

5. Links to other corporate policies and strategies

This document should be read in conjunction with the Council's Counter Fraud Policy and associated procedures. The Counter Fraud Policy, Strategy and guidance forms part of the collective policies and procedures for safeguarding and protecting public funds.

Strategy Action Plan

Promoting a counter-fraud culture

Key Actions	Responsible Department	Lead Officer	Timescales	Performance Management (PM) OR Desired Outcome (DO)
Publicise and promote the Council's Counter Fraud Policy internally through staff messages, team talks and bulletins as part of a wider communication strategy.	Audit & Governance	Audit & Counter Fraud Manager	September 2017	Increase in fraud referrals received / greater awareness of fraud (DO).
Publicise and promote the Council's Counter Fraud Policy externally through Borough diary and media with specific reference to LCTS and Business Rates.	Audit & Governance	Audit & Counter Fraud Manager	September 2017	Increase in fraud referrals received / greater awareness of fraud (DO).
Establish extent to which other local authorities and RSLs photograph their tenants as a means of reducing potential tenancy fraud.	Audit & Governance	Audit & Counter Fraud Manager	September 2017	Identification of additional control measures aimed at preventing tenancy fraud (DO).
Increase the number of tenancy audit reviews in high risk areas.	Audit & Governance / Housing Services	Audit & Counter Fraud Manager / Manager of Housing and Community Services	March 2018	Increase in fraud referrals received / greater awareness of fraud (DO).
Publicise and promote the Council's Counter Fraud Policy with specific reference to Tenancy Fraud in Housing News.	Audit & Governance / Housing Services	Audit & Counter Fraud Manager / Manager of Housing and Community Services	September 2017	Increase in fraud referrals received / greater awareness of fraud (DO).

Reporting on fraud

Key Actions	Responsible Department	Lead Officer	Timescales	Performance Management (PM) OR Desired Outcome (DO)
Report results of Audit & Counter Fraud and the Compliance Team to Audit & Risk Committee	Audit & Governance	Audit & Counter Fraud Manager	Quarterly	Levels of Fraud and savings are reported (PM).
Publicise on the Council Website the number of fraud cases investigated each year as part of the Council Transparency arrangements	Audit & Governance	Audit & Counter Fraud Manager	Annually	Levels of Fraud are reported (PM).
The establishment of Performance Indicators and Volumetric measures to monitor the level and type of fraudulent activity across the Council	Audit & Governance	Audit & Counter Fraud Manager	June 2017	Levels of fraud and costs recorded and monitored (PM). Transparency in the level of fraud across the Council (DO).

Assessing fraud risk

Key Actions	Responsible Department	Lead Officer	Timescales	Performance Management (PM) OR Desired Outcome (DO)
Participation in the National Fraud Initiative	Audit & Governance Housing Services Revenues and Benefits Payroll Creditors Licensing Electoral Registration	Audit & Counter Fraud Manager	Data download run every two years, with ongoing investigation of matches identified	Number of matches received and processed (PM). Fraud and errors identified and amounts to be recovered. (DO).
Proactive Counter Fraud Reviews, undertaken as part of the Internal Audit Plan each year	Audit & Governance	Audit & Counter Fraud Manager	Annually as part of the Audit Plan	Audit opinion issued (PM). Completion of the Audit Plan (PM). Concerns identified (DO).

Sharing good practice

Key Actions	Responsible Department	Lead Officer	Timescales	Performance Management (PM) OR Desired Outcome (DO)
Fraud Awareness Training to all staff through e-learning and workshops.	Audit & Governance / Organisational Development	Audit & Counter Fraud Manager / OD Manager	Annually	Number of staff completed training and passed online assessment. (PM)
Participate in Essex Wide Counter Fraud data sharing arrangements	Audit & Governance	Audit & Counter Fraud Manager	March 2018	Identification of potential fraud cases (DO).
Train appropriate staff on how to tackle tenancy fraud	Audit & Governance	Steve Caton, Counter Fraud Specialist	September 2017	Number of staff completed training (PM).
Provision of Advice and Guidance to Service areas on internal controls for the prevention and detection of fraud.	Audit & Governance	Audit & Counter Fraud Manager	Annually as part of the Audit Plan	Audit opinion issued (PM). Completion of the Audit Plan (PM). Concerns identified (DO).

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