Hertfordshire County Council Anti-Fraud and Corruption

Policy Statement
and Strategy 2020

HCC's Policy Statement on Fraud and Corruption

Hertfordshire County Council takes its responsibilities to protect the public purse seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, partners or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue appropriate sanctions available in each case, including removal from office, disciplinary action, dismissal and/or prosecution. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.

To fulfil the Council's Strategy, we must be able to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and corruption to zero.

This policy statement is underpinned by an Anti-Fraud and Corruption Strategy, which sets out the key responsibilities regarding fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

The strategy is based upon three key themes: **Acknowledge, Prevent and Pursue**, and adheres to England's counter fraud and corruption strategy for local government Fighting Fraud and Corruption Locally – A Strategy for the 2020's.

Appendix 4 to this report sets out how these themes are addressed at HCC.

Definitions of Commonly Used Terms
Fraud

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as:

 "Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss"

As a crime 'Fraud' is defined by the Fraud Act 2006 as:
- Fraud by false representation
- Fraud by failing to disclose
- Fraud by abuse of position

In addition, the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business, and obtaining services dishonestly, either personally or for another.

Bribery

The Bribery Act 2010 came into force in the UK on 1 July 2011. It amends and reforms UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving bribes. This applies to both staff and the Council corporately.

The Bribery Act creates the following offences:
- Active bribery: promising or giving a financial or other advantage;
- Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribery of foreign public officials; and
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years. These responsibilities are set out within the Council's Anti-Bribery Policy, available here:

https://hertscc365.sharepoint.com/sites/intranet/Services/Resources/Assurance/Pages/Hertfordshire-Anti-Bribery-Policy-.aspx

Corruption

Corruption is the deliberate misuse of your position for direct or indirect personal gain. "Corruption" includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else. The Bribery Act 2010 makes it possible for Senior Officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

The Act also creates the Corporate Offence of "Failing to prevent bribery on behalf of a commercial organisation" (corporate liability). To protect itself against the corporate offence, the Act also requires organisations to have "adequate procedures in place to prevent bribery". This strategy, the HCC Codes of Conduct (Members and Employees) and the Council's Confidential Reporting Procedure (Whistleblowing) are designed to meet that requirement.

These responsibilities are set out within the Council's Anti-Bribery Policy.

Money Laundering

Money Laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origin and ownership whilst retaining use of the funds.

The burden of identifying and reporting acts of money laundering rests within the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Money Laundering Reporting Officer.

The Council recognises its responsibilities under the Money Laundering Regulations 2017 and the Proceeds of Crime Act 2002. These responsibilities are set out within the Council's Anti-Money Laundering Policy, available here:

https://hertscc365.sharepoint.com/sites/intranet/Services/Resources/Assurance/Pages/Hertfordshire-County-Council-Money-Laundering-Policy.aspx

HCC's Anti-Fraud and Corruption Strategy

HCC will fulfil the responsibility to reduce fraud and protect our resources by a strategic approach consistent with that outlined in England's counter fraud and corruption strategy for local government Fighting Fraud and Corruption Locally – A Strategy for the 2020's and CIPFA's Managing the Risk of Fraud and Corruption

Hertfordshire County Council has a **zero-tolerance** stance to all forms of fraud and corruption, both from within the Council and from external sources. We recognise fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and services available for the residents of Hertfordshire; and
- Result in major consequences which reduce public confidence in the Council.

This strategy applies to:
- All County Council employees (including volunteers and agency staff) and Councilors;
- Staff and Committee Members of council funded voluntary organisations;
- County Council's partners;
- NHS partners;
- Local Authority maintained schools;
- County Council suppliers, contractors and consultants; and
- All Hertfordshire Service Users and residents.

The strategy aims to:

- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Hertfordshire residents and visitors;
- Create and promote an 'anti-fraud' culture which highlights the Council's approach to fraud, bribery and corruption;
- Provide a Counter Fraud Service which:
  - Ensures that the resources dedicated are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards;
  - Proactively deters, prevents and detects fraud, bribery and corruption;
  - Investigates suspected or detected fraud, bribery and corruption; and
  - Enables the Council to apply appropriate sanctions and recover all losses through court action or by invoicing an individual.
- Provides recommendations to inform policy, system, risk management and control improvements, thereby reducing the Council's exposure to fraudulent activity;
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

Appendix 2 to this report sets out HCC's Fraud Response Plan.

Managing the Risk of Fraud and Corruption

As with any risk faced by the Council, it is the responsibility of managers to ensure that any fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plans, project and programme objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than any actual incidences of fraud having occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.

Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase or otherwise change the risk of fraud, bribery and corruption, are properly taken into account.

Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism must not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.

Whilst all stakeholders in scope have a part to play in reducing the risk fraud, HCC's Members, Directors and Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

Further Information

Further information on relevant council policy and practice and relevant publications can be found in the following documents:

- The Constitution, including Financial Regulations, Members Code of Conduct and Contract Standing Orders;
- Confidential Reporting Procedure (Whistleblowing);
- Risk Management;
- Information Security Policy;
- Employees Code of Conduct;
- Fraud Prosecution and Sanction Policy;
- The Local Government Transparency Code 2015
- CIPFA Code of Practice on Managing the Risk of Fraud and Corruption
- UK Anti-Corruption Strategy 2019-2022
- Fighting Fraud and Corruption Locally – A Strategy for the 2020's

Strategy Review

The Head of Assurance will ensure the continuous review and amendment of this strategy and the relevant associated policies as necessary to ensure that it remains compliant with good practice, national public sector Codes of Practice and meets the needs of the Council.

Review date: Frequency as required by legislative changes / November 2021

Finding out more about Fraud

You can find out more about fraud and how this impacts on the Council as well as the Councils response to the threat of fraud, corruption and bribery on the Councils website www.hertfordshire.gov.uk/fraud or if you are an employee or an elected member on the Councils intranet pages- just search for 'fraud' or 'SAFS'.

Appendix 1 – **Types of Fraud**

Local authorities have reported a wide range of fraud types. The main areas of fraud that were reported in Fighting Fraud & Corruption Locally 2019-2019 continue to feature as significant risks. However, there are also new fraud types emerging, and some of these are more prevalent in other parts of the country. Some examples of fraud risk are:

Blue Badge – Use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees.

Grants – Work not carried out, funds diverted, ineligibility not declared.

Identity fraud – False identity / fictitious persons applying for services / payments.

Internal fraud – Diverting council monies to a personal account; accepting bribes; stealing cash; misallocating social housing for personal gain; working elsewhere while claiming to be off sick; false overtime claims; selling council property for personal gain;

Payroll – False employees, overtime claims, expenses.

Pensions – Deceased pensioners pension claimed by others, overpayments, entitlement overstated.

Personal budgets – Overstatement of needs through false declaration, multiple claims across authorities, third party abuse, posthumous continuation of claim.

Procurement – Tendering issues, split contracts, double invoicing.

Schools – Procurement fraud, payroll fraud, internal fraud.

Commissioning of services, including joint commissioning, and third sector partnerships – conflicts of interest, collusion.

Concessionary travel schemes – Use of concession by ineligible person, including Freedom Passes.

Cyber dependent crime and cyber enabled fraud – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

Disabled Facility Grants – Fraudulent applications for adaptions to homes aimed at the disabled.

Immigration, including sham marriages – False entitlement to services and payments.

Insurance Fraud – False claims including slips and trips and claims for damages.

Local Enterprise Partnerships – Voluntary partnerships between local authorities and businesses. Procurement fraud, grant fraud.

New Responsibilities – Areas that have transferred to local authority responsibility e.g. Public Health grants, contracts.

Money laundering – Exposure to suspect transactions.

No recourse to public funds – Fraudulent claim of eligibility.

Appendix 2. HCC's Fraud Response Plan

Immediately that fraud is discovered or suspected, the matter should be reported to the Shared Anti-fraud Service (SAFS), who will decide what further action is appropriate.

Contact details for SAFS can be found on the intranet or

To report fraud call**: 0300 123 4033** / visit **www.hertfordshire.gov.uk/fraud /**

 email **fraud.team@hertfordshire.gov.uk** (PSN secure email)

Aims and Objectives

The aims and objectives of the Fraud Response Plan are to:

- Prevent further losses of funds or other assets where fraud has occurred;
- Minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation;
- Ensure there is a clear understanding over who will lead any investigation and to ensure managers, HR, Internal Audit and SAFS are involved as appropriate;
- Establish and secure evidence necessary and ensure containment of any information for disciplinary, civil and/or criminal action;
- Maximise recovery of losses;
- Ensure appropriate and timely action is taken against those who are suspected of fraud;
- Identify the perpetrators and take appropriate action with any disciplinary, civil and/or criminal action; and
- Minimise any adverse publicity for Hertfordshire County Council

Notifying Suspected Fraud

The Council relies on its employees, its agencies and the public to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.

Council employees and Members must report any concerns they may have regarding fraud, bribery and corruption, whether it relates to dishonest behaviours by council employees, Members or by others.

The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document. Members, service users, suppliers, partner organisations and members of the public are encouraged to report concerns about fraud and corruption.

Concerns can be reported to the Hertfordshire Shared Anti-Fraud Service (SAFS) in several ways:
- Telephone: 0300 123 4033
- Email: fraud.team@hertfordshire.gov.uk
- Online: www.hertfordshire.gov.uk/fraud
- In writing or person to: Hertfordshire County Council. Robertson House, SROB 112, Six Hills Way, Stevenage. SG1 2FQ. (Please mark your correspondence as Private and Confidential).

Whilst you can remain anonymous, it does help if your details are provided as concerns expressed anonymously are often much more difficult to investigate. For example, we may need to contact you to obtain further information or verify the information supplied.

Investigation Process

Any suspicion of fraud will be treated seriously and will be reviewed in accordance with legislation, local policy and processes.

Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).

SAFS will record, review, report and investigate the majority of fraud allegations made.

Where necessary the Council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, Her Majesty's Revenue and Customs, UK Borders Agency, NHS Counter Fraud Authority and other Local Authorities.

Investigations into suspected fraud or corruption will be conducted in a professional manner in accordance with the relevant statutory provisions and local protocols to ensure any actions are carried out both fairly and lawfully.

If sufficient evidence is established, the case will be reviewed to decide on the appropriate course of action to be taken. The Council's Fraud Sanction Policy provides further guidance of what appropriate action will be taken against the persons concerned.

Confidentiality

Details of any investigation are strictly confidential and will not be discussed with anyone other than the relevant management representatives.

If the media becomes aware of an investigation and attempts to contact members of the investigating team or any other employees, no disclosure of the alleged fraud and investigation can be given. All matters relating to statements to the media will be dealt with through the Council's Corporate Communications Team.

Summary

This Fraud Response Plan, in conjunction with the Counter Fraud and Corruption Strategy, provides a framework for preventing and investigating fraud, corruption and bribery against Hertfordshire County Council. It is imperative that awareness of this plan is promoted both across the Council and externally.

The plan will be reviewed annually and following any major fraud or changes in legislation.

Appendix 3. How HCC Acknowledges, Prevents, and Pursues Fraud

Acknowledge	Committing Support	The Council's commitment to tackling the threat of fraud is clear. We have strong whistleblowing and fraud reporting procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations.
	Assessing Risks	We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities. In addition, SAFS will carry out work in these high-risk areas to assist management in detecting existing and new types of fraudulent activity
	Robust Response	We will strengthen measures to prevent fraud. SAFS will work with our internal partners such as management, HR, Finance, Legal, policy makers and external partners, to ensure new and existing systems and policy initiatives are adequately fraud proofed.

Prevent	Better use of information technology	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
	Anti-Fraud culture	We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning tool and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.

Pursue	Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
	Enforcement	Appropriately trained investigators will investigate any fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders or received via the confidential reporting procedure (whistleblowing). We will also work with relevant internal and external partners/external agencies/organisations.

Appendix 4. **Responsibilities within HCC**

Stakeholder	Specific Responsibilities
Chief Executive	Accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.

Monitoring Officer	Statutory responsibility to ensure that the Council operates within the law. Overall responsibility for the Members Code of Conduct and the maintenance and operation of the Confidential Reporting Procedure for Employees (Whistleblowing).
Director of Resources (Section 151 Officer)	To ensure the Council has adopted and implemented an appropriate Anti-Fraud and Corruption Strategy and that the Council has an adequately resourced and effective Internal Audit and Counter Fraud service.
Audit Committee	To monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
Members	To comply with the Members Code of Conduct and related council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the County Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.
The Shared Anti-Fraud Service	Responsible for developing and promoting to the Council the requirements of the Anti-Fraud and Corruption Strategy and monitoring and/or undertaking the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence.
Directors, Service Heads, Service Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred as per the Council's confidential reporting procedure (whistleblowing). To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.
Staff	To comply with council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerts to management, the Monitoring Officer, Chief Internal Auditor or via the Whistleblowing procedure.
Public, Service Users, Partners, Suppliers, Contractors and Consultants	To report any genuine concerns / suspicions in accordance with the Council's confidential reporting procedure (see Fraud Response Plan above).