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Anti-Fraud & Anti-Corruption Strategy

2017-20



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1. Introduction

- 1.1 This Anti Fraud & Anti Corruption (AF&AC) Strategy document defines the London Borough of Hillingdon's (LBH's) approach to managing the risk of fraud and corruption against the Council. It sets out how the Council encourages best practice in AF&AC to help embed it across all of its services, projects and external partnerships. Any fraudulent or corrupt act committed against the Council effectively constitutes theft of taxpayers' money and is therefore unlawful. This criminal behaviour deprives the Council of vital resources which would otherwise be used to provide valuable public services.
- 1.2 The threat from fraud and corruption is both internal and external. The Council's expectation is that Members and Officers at all levels will lead by example to ensure the highest standards of probity and accountability are established and strictly adhered to, and that personal conduct is above reproach at all times.
- 1.3 The development 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; and
 - The instigation of legal, disciplinary and recovery action against any individual or organisation found to have acted fraudulently or corruptly in their relationship and dealings with the Council.
- 1.4 This holistic approach to tackling fraud and corruption will become an integral part of existing governance arrangements, policies and procedures in addition to providing a raft of measures, designed collectively to deter would be offenders, to reinforce the Council's key objective of putting our residents first.
- 1.5 As a living document it is envisaged that this strategy will continually evolve as the Council further develops its understanding of the potential threat from fraud and corruption and as new and existing partnerships develop. In practical terms, this strategy will be supported by a newly developed Fraud & Corruption Response Plan. [add link](#)

2. Defining Fraud and Corruption

- 2.1 The term '**fraud**' commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy, and money laundering. These include, but are not confined to, the specific offences in the Fraud Act 2006. For the purposes of this strategy document, fraud can be an attempted or an actual act committed against the Council and/or its partners.
- 2.2 It is only really since the introduction of the Fraud Act 2006 that there has been a legal definition of fraud. Essentially fraud involves using deception to dishonestly make a personal gain for oneself and/or create a loss for another. Although definitions may vary, most are based around this general theme.
- 2.3 **Corruption** is 'the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour which may influences any person to act improperly'. It is an offence under the Prevention of Corruption Act 1906 – and as amended by subsequent Acts and section 117 (3) of the Local Government Act 1972.

3. Purpose of the AF&AC Strategy

- 3.1 In order to deliver LBH's aims, vision and priority themes, the Council needs to maximise the available financial and non-financial resources. Therefore this strategy document is designed to:
- Reduce fraud and corruption losses to an absolute minimum;
 - Include all areas of the organisation and external stakeholders in its approach to anti-fraud and anti-corruption; and
 - Support the Council in defending itself against any prosecutions under the Bribery Act.
- 3.2 As part of its strategic risk management process, the Council ensures that there is a robust framework in place to mitigate the risk of fraud and corruption. Its aim is to:
- Maintain a 'zero-tolerance' approach to fraud and corruption;
 - Provide a strong deterrent effect;
 - Prevent fraud and corruption through proper design of internal control systems including policies and procedures; and
 - Continue to undertake the detection and investigation of fraud and corruption, including applying sanctions and recovery procedures where it is identified.

4. Corporate AF&AC Framework

- 4.1 The Council has already established a robust framework of procedures and internal controls which provide the major elements of its **AF&AC 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:
1. Fraud and Corruption Response Plan; [add link](#)
 2. Whistleblowing Policy [add link](#)
 3. Anti-Bribery Policy; [add link](#)
 4. Anti-Money Laundering Policy; [add link](#)
 5. Sanctions and Prosecutions Policy; [add link](#)
 6. Social Housing Fraud Policy; and [add link](#)
 7. Surveillance Policy. [add link](#)

A complete list of key documents which underpin the framework can be found at **Appendix A**.

- 4.2 Staff and Members are expected to read this strategy, seek clarification where necessary and apply its principles fairly and consistently in the conduct of their duties.

Identifying the risk of fraud and corruption

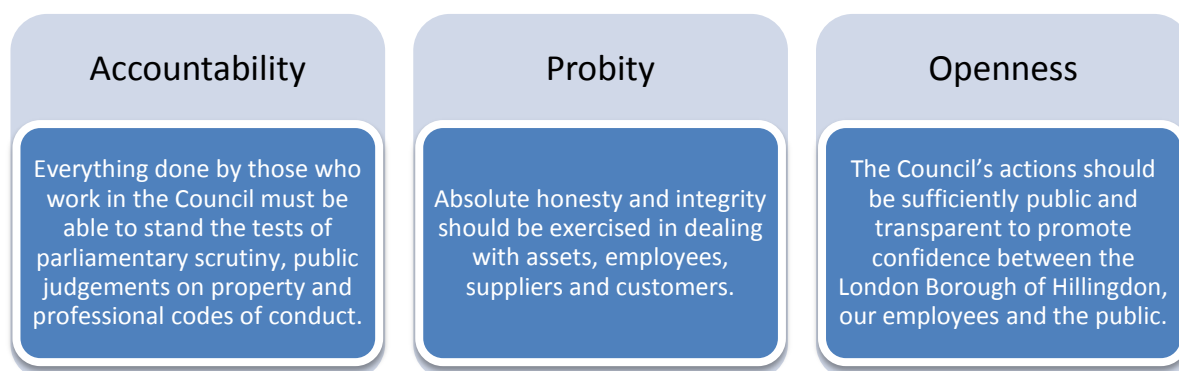
- 4.3 Corporate Directors, Deputy Directors and Heads of Service should ensure that they, as part of the risk management approach within the authority, seek to accurately identify the risk of fraud and corruption within their service delivery areas.

Taking action to counter fraud and corruption

- 4.4 In order to counter act the risk of fraud and corruption at the Council, all Officers and Members are required to uphold the seven principles of public life, known as "**The Nolan Principles**".

- 4.5 Special responsibility rests with all Members and Senior Managers to lead by example and set ‘the tone from the top’. They should set an example by their own behaviour, in accordance with Nolan’s Seven Principles of Public Life.
1. **Selflessness** – Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
 2. **Integrity** – Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
 3. **Objectivity** – In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
 4. **Accountability** – Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
 5. **Openness** – Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
 6. **Honesty** – Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
 7. **Leadership** – Holders of public office should promote and support these principles by leadership and example.

4.6 Members and Officers must act with integrity at all times and comply with the relevant Codes of Conduct, legal requirements, as well as policies, procedures and good practice. All individuals and organisations (for e.g. suppliers, contractors, service providers, agencies and partner councils) with whom the Council deals with, are expected to act with integrity in all transactions with the Council. The Council is committed to the highest ethical standards; high standards of corporate and personal conduct are a requirement throughout the Council. The three fundamental public service values are:



4.7 The Head of Business Assurance will, in consultation with key stakeholders including the Corporate Management Team, regularly review the corporate framework designed to promote an overriding anti-fraud and anti-corruption culture. They will help ensure that a system to monitor and evaluate arrangements is in place.

Developing and maintaining a strong framework

4.8 Those charged with governance are responsible for ensuring that officers engaged in countering fraud and corruption have the appropriate authority, are professionally trained and accredited. They should ensure that the necessary framework is in place to facilitate working with other organisations. A more detailed summary of roles and responsibilities is outlined in the Council's Fraud and Corruption Response Plan. [add link](#)

5. Approach to AF&AC

5.1 The Council’s approach is to utilise the above framework by designing and regularly reviewing policies, procedures and systems in order to create a strong deterrent, preventative and detective effect. 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 & Corruption Locally*’. The three key themes of this approach are Acknowledge, Prevent and Pursue:



The local government counter fraud and corruption strategy 2016-2019

5.2 This approach is further supported by the Council’s proactive work to detect both internal and external fraud and corruption. The Council is committed to investigate, discipline, prosecute, publicise successes, apply sanctions and recover losses where fraud or corruption is identified.

5.3 The strategy centres on a very strong corporate AF&AC culture and robust corporate framework which includes:



5.4 Responsibilities in each area and details of the Council's approach are outlined in the Fraud and Corruption Response Plan [add link](#).

6. Preventing Fraud and Corruption

6.1 Enhancing Fraud and Corruption Controls and Processes

6.1.1 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 and corruption resources away from enforcement towards prevention; ultimately, aiming to deter all would be offenders.

6.1.2 An effective internal control framework covering all the Council’s systems (both financial and non-financial) is essential in the fight against fraud and corruption. The governance and risk management arrangements referred to in section 4 of this document form an integral part of this arrangement. The Corporate Fraud Investigation Team will support the existing framework by working alongside Business Assurance and policy makers to ensure new and existing systems are resident focused, efficient, secure and provide value for money.

6.1.3 Preventative measures will be supported by the ongoing assessment of those areas most vulnerable to the risk of fraud and corruption, in conjunction with risk management arrangements and risk based internal audit reviews. The annual publication *'Protecting the Public Purse'* provides details of the key fraud and corruption risks faced by local government. The Council plans to undertake a review of the high risk areas identified in this publication. The review will support the development of effective, value for money counter fraud and corruption measures that also enhance the quality of the Council's customer services.

6.2 Making Better use of Technology

6.2.1 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.

6.2.2 The sheer diversity of the services the Council and its partners provide, in addition to the variety of systems used to manage them, generate huge volumes of records and data. The Council will re-engineer 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 processes.

6.3 Anti-Fraud & Anti-Corruption Culture

6.3.1 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 Officers and Members. The right organisational culture will be continually reinforced by:

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

7. Detecting Fraud and Corruption

7.1 Prioritising Fraud Recovery and the use of Civil Sanctions

7.1.1 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.

7.2 Developing Capability to Punish Fraudsters

7.2.1 Criminal prosecutions deter offenders and reinforce a culture of zero tolerance towards fraud, corruption and bribery. 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.

7.3 Collaborating across Local Authorities, other Organisations and with Law Enforcement

7.3.1 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 and NHS Providers will be essential in the ongoing development of the Council's strategic response.

8. The role of staff in preventing Fraud and Corruption

- 8.1 Council staff are the first line of defence against most acts of attempts of fraud, corruption or bribery. The Council expects and encourage them to be alert to the possibility of acts of fraud, corruption or bribery and to raise any such concerns at the earliest opportunity.
- 8.2 Staff have a duty to protect the assets of the Council, including information, as well as property. Employees are urged to consider the nature of the concern, whether it involves immediate management and the seriousness and sensitivity of the issues involved. When an employee suspects that there has been fraud or corruption, they must report the matter to:

Paul Whaymand

Corporate Director of Finance (& Section 151 Officer)

t: 01895 556579

e: pwhaymand@hillingdon.gov.uk

and/or

Muir Laurie

Head of Business Assurance (& Head of Internal Audit)

t: 01895 556132

e: mlaurie@hillingdon.gov.uk

and/or

Garry Coote

Corporate Fraud Investigations Manager

t: 01895 250369

e: gcoote@hillingdon.gov.uk

9. Raising Awareness of AF&AC

- 9.1 Effective implementation of the strategy will be intrinsically linked to the right organisational culture, robust corporate governance framework and effective use of legislation. To support the development of a robust approach to AF&AC in the Council, all senior managers are encouraged to complete the e-learning training module. All new managers joining the London Borough of Hillingdon are also encouraged to complete the e-learning module as part of their induction. Business Assurance and the Learning and Development team will monitor training and support. Further information about AF&AC as well as briefings is produced as needed.

Reporting fraud and corruption

- 9.2 There are a number of ways that individuals may raise a concern or report suspected fraud or corruption. The Council offers several mechanisms for reporting fraud and corruption. There is a dedicated 24 hour fraud hotline (**contact tel no: 0800 389 8313**) as well as a dedicated web page <http://www.hillingdon.gov.uk/reportfraud>. You can also email the Council on internal-audit@hillingdon.gov.uk or fraud@hillingdon.gov.uk or write to the key AF&AC contacts at the Council; Head of Business Assurance, 4N/12, or Corporate Fraud Investigations Manager 1S/10 (both at Civic Centre, High Street, Uxbridge UB8 1UW).
- 9.3 If employees feel that they are unable to use internal routes then they can contact the Council's External Auditors (Ernst and Young):
- Ernst and Young LLP
Maria Grindley
Apex Plaza, Forbury Road, Reading RG1 1YE
t: 0118 928 1243
e: mgrindley@uk.ey.com

10. Review Cycle of the AF&AC Strategy

- 10.1 The Council needs to ensure that the provisions within this strategy remain relevant to the provision of modern local authority services and that the arrangements put in place continue to contribute to a strong control environment and good corporate governance within the authority. It is vital that these arrangements remain appropriate and adequate for the prevention and detection of fraud and corruption. Regular review of the AF&AC Framework will be undertaken by the Head of Business Assurance on a minimum three yearly cycle so that it remains current and effective.

Paul Whaymand

Corporate Director of Finance

LBH Strategic Lead Officer on Anti-Fraud & Anti-Corruption

16th February 2017

Corporate AF&AC Framework

The corporate framework which underpins this AF&AC Strategy includes the following:

- Members and Officers who set the tone from the top by leading by example and complying with the relevant Codes of Conduct;
- The Council's Constitution, including the Financial Regulations, Contract Standing Orders and the Scheme of Delegation;
- Code of Conduct for Employees;
- Staff Disciplinary Policy and Procedures;
- Code of Conduct for Members;
- Gifts and Hospitality Policy;
- Register of Interests;
- Other Council policies and procedures;
- Recruitment procedures;
- The Fraud & Corruption Response Plan;
- Monitoring of and testing of the ethical framework;
- The Whistleblowing Policy;
- The Complaints procedure;
- The Anti-Money Laundering Policy;
- The work of Internal Audit, Corporate Fraud Investigation Team, Trading Standards, etc;
- Participation in National Fraud Initiatives (NFI) data matching and targeted in-house data matching; and
- Links with the National Anti-Fraud Network (NAFN), London Boroughs Fraud Investigation Group (LBFIG), Local Authority Investigation Officers Group (LAIOG), Department of work and Pensions (DWP), the Borders Agency, the Metropolitan Police and the National Fraud Authority.