

# COUNTER FRAUD STRATEGIC PLAN 2020/21

<b>Cabinet Member(s)</b>	Councillor Sir Raymond Puddifoot MBE
<b>Cabinet Portfolio(s)</b>	Leader of the Council
<b>Officer Contact(s)</b>	Zac O'Neil - Finance
<b>Papers with report</b>	Counter Fraud Strategic Plan 2020-21 Prosecution & Sanctions Policy Anti-Bribery Policy Anti-Money Laundering Policy Surveillance Policy Whistleblowing Policy Corporate Investigations Protocol

## HEADLINES

<b>Summary</b>	This report seeks Cabinet approval for the updated Business Assurance Counter Fraud Team (BACFT) Counter Fraud Strategic Plan and associated updated counter fraud policies.
<b>Putting our Residents First</b>	<p>This report supports the following Council objectives of: <i>Strong financial management.</i></p> <p>The BACFT supports the Council's statutory obligation to safeguard public finances through strong financial management. The Counter Fraud Strategic Plan demonstrates the Council's corporate approach to tackling fraud and corruption, underpinned by appropriate counter fraud related policies.</p>
<b>Financial Cost</b>	There are no direct financial implications arising from this report.
<b>Relevant Policy Overview Committee</b>	Corporate Services, Commerce and Communities
<b>Relevant Ward(s)</b>	All wards

## RECOMMENDATIONS

That the Cabinet:

1. Approves the Business Assurance Counter Fraud - Counter Fraud Strategic Plan for 2020-21 as set out in Appendix A
2. Approves the following counter fraud related policies:
  - a. Prosecutions & Sanctions Policy - Appendix B
  - b. Anti-Bribery Policy - Appendix C
  - c. Anti-Money Laundering Policy - Appendix D
  - d. Surveillance Policy - Appendix E
  - e. Whistleblowing Policy - Appendix F
  - f. Corporate Investigations Protocol - Appendix G

### Reasons for recommendation

The BACFT's primary objective is to provide the London Borough of Hillingdon Council, and its residents, with a professional and highly performing risk based counter fraud service covering all areas of Council business. A service which proactively and effectively manages the risk of fraud inherent in the provision of services to the residents of the Borough and within the administration of public finances. This includes robustly pursuing the prevention and detection of fraud and corruption through reactive and proactive investigation, championing and reinforcing a borough-wide counter-fraud culture, taking appropriate sanction and prosecution action where necessary, thereby giving assurance to the Council over its fraud risks, and building residents' confidence in the Council and its protection of the public purse.

The recommendation is to approve the updated Counter Fraud Strategic Plan 2020-2021 (including the BACFT's operational work plan), which details a revised fraud risk assessment and strategic approach to fraud prevention and detection, which is in response to the significant changes to the fraud landscape resulting from the Covid 19 pandemic.

The recommendation is also to approve six counter fraud related policies, including the Corporate Investigations Protocol, which have been updated to provide a corporate framework for anti-fraud and corruption and underpin the Counter Fraud Strategic Plan in relation to bribery, money laundering, whistleblowing, prosecution and enforcement.

### Policy Overview Committee comments

None at this stage.

## SUPPORTING INFORMATION

### The role of the Business Assurance Counter Fraud Team

The BACFT supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the BACFT underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption and other irregularities, including any money laundering activity.

According to the Chartered Institute of Public Finance & Accountancy (CIPFA) the public sector, and more specifically local authorities, lose an estimated £2.1bn each year to fraud and corruption. This loss directly affects the services that local authorities provide, negatively impacting on the availability of resources, reducing the money able to be spent on key services and damaging the reputation of councils with their residents. The scarcity of councils' resources within the current economic and public health climate creates a further urgency to respond robustly to the fraud threat and is a key element when ensuring the proper administration of public money.

Wherever a local authority provides a valuable service to its residents, such as social housing, grants payments, the disabled facilities grant, payment to suppliers or staff, or a benefit payment, there is the opportunity for fraud. The challenge for all councils is in ensuring that fraud losses within its services and payments are minimised or, where possible, prevented altogether. The challenge is increased further when considering the fact that fraudsters are continually innovating, finding new ways to defraud, in order to access benefits and services they are not entitled to, and receive wrongful payments. The number and range of fraud risks faced by the Council has also changed as a direct result of the Covid 19 pandemic, due to the changes to services provided, ways of working and financial help available to individuals and businesses, all of which carry an inherent risk of fraud and which the Counter Fraud Strategic Plan seeks to address.

### A strategic approach to counter fraud

It is vitally important to have a clear strategy in place to define and direct the Council's approach to effectively manage both the internal and external risk of fraud and corruption. This demonstrates the Council meeting its statutory responsibilities and supports its vision of '*putting our residents first*' by ensuring that public funds are not lost to fraud and corruption.

The Counter Fraud Strategic Plan 2020-2021 sets out the BACFT's strategy within a number of key objectives:

1. Maximise loss prevention within Council services through effective counter fraud activity;
2. Limit the opportunity for instances of fraud and corruption across the Council through effective prevention measures;
3. Create a strong deterrent effect to fraud and corruption;
4. Improve the Council's reputation across all stakeholders through the visibility of effective counter fraud activities;
5. Improve the Council's overall governance arrangements;

6. Reinforce an organisational culture of zero tolerance to fraud;
7. Embed and maintain an organisation wide fraud risk awareness

### **Corporate Framework for Anti-Fraud and Corruption**

The Counter Fraud Strategic Plan 2020-21 is underpinned by an updated and comprehensive corporate policy and procedural framework that covers the main elements of the Council's approach to countering fraud and corruption. These policies and procedures give clear guidance and information on the Council's position in relation to criminal sanctions, investigation procedures, 'Whistleblowing' and anti-fraud and corruption.

- **Prosecutions & Sanctions Policy - Appendix B** - A new corporate policy to provide a consistent approach to prosecutions, sanctions and enforcement action, across all areas of investigations and enforcement activities within the Council.
- **Anti-Bribery Policy - Appendix C** - Guidance to staff on the Council's approach to countering bribery and corruption with updated contacts and reporting guidance.
- **Anti-Money Laundering Policy - Appendix D** - updated guidance on when and how to report suspected Money Laundering in line with current legal requirements.
- **Surveillance Policy - Appendix E** - Updated policy to include the Investigatory Powers Act 2016 and guidance on use of social media evidence in investigations.
- **Whistleblowing Policy - Appendix F** - Policy including updated reporting guidance, information, and contact details.
- **Corporate Investigations Protocol - Appendix G** - New guidance for the Council on the protocol and procedure for internal investigations, including responsibilities of HR and the BACFT.

### **Financial Implications**

There are no direct financial implications linked to the Counter Fraud Strategic Plan or updated policies.

## **RESIDENT BENEFIT & CONSULTATION**

### **The benefit or impact upon Hillingdon residents, service users and communities**

The impact of fraud and corruption threatens the prosperity of the London Borough of Hillingdon and its residents, with the potential to erode confidence in the Council as an institution. Fraud and corruption takes money away from essential Council services and reduces the Council's ability to help those most in need. The effects of fraud are often compounded by its link to organised criminal activity and the negative impact on the community and increased levels of related crime. This makes counter fraud work a crucial activity for the Council, with the benefits of an effective counter-fraud service, supported by an effective corporate framework, being felt by all residents, essential service users and communities alike.

### **Consultation carried out or required**

No consultation was carried out in relation to this report. The Counter Fraud Strategic Plan does not involve proposals that directly affect residents, therefore no consultation is required.

## **CORPORATE CONSIDERATIONS**

### **Corporate Finance**

Corporate Finance has reviewed the report and concur with the Financial Implications set out above, noting that there are no financial implications arising from the report recommendations.

### **Legal**

The Borough Solicitor confirms that there are no specific legal implications arising from this report. Legal advice is given whenever necessary on individual cases so as to enable the Council to take the most effective action whenever fraud has been identified.

## **BACKGROUND PAPERS**

NIL