WELWYN HATFIELD

Version	3~~2~~.0

Anti-fraud and Corruption Policy Statement and Strategy

Scope:	This policy applies to all employees, workers, councillors, contractors, partners, suppliers, consultants, residents and service users of the council.
Effective Date:	~~July 2022~~June 2024
Review Date:	~~July 2023~~June 2026 (or sooner if there are changes to legislation)
Author:	Assistant Director (Finance)
Policy Owned by:	Section 151 Officer
Statute:	Fraud Act 2006 Bribery Act 2010 Proceeds of Crime Act 2002 Money Laundering Regulations 2017 (as amended) Prevention of Social Housing Fraud Act 2013 Local Government Act 1972 Housing Act 1985 and 1988 Theft Act 1968 Forgery and Counterfeiting Act 1981 Regulation of Investigatory Powers Act 2000 (RIPA) Criminal Procedures and Investigations Act 1996 Police and Criminal Evidence Act 1984 (PACE)
National Standards and Guidance	Fighting Fraud and Corruption Locally Strategy 2020 *(CIFAS)* Code of Practice: Managing the Risk of Fraud and Corruption *(CIPFA)* A Guide to Understanding ~~to~~the Total Impact of Fraud 2020 *(International Public Sector Fraud Forum)* ~~UK Anti-corruption Strategy 2017-2022 (Home Office)~~ Counter Fraud Standards and Profession *(Cabinet Office)* New Approaches in Tackling Tenancy Fraud *(Chartered Institute of Housing)* Tackling Fraud in the Public Sector – a local government perspective 2020 *(CIPFA)* Government Counter Fraud Professional Standards and Guidance 2022/23 *(Public Sector Fraud Authority)*

WELWYN HATFIELD

Related Policies	See appendix B~~See Appendix B~~

1   Scope

1.1   This policy outlines the Council's ~~~~attitude to fraud and corruption and the approach to be taken when fraud or corruption is suspected. It applies to all employees, <u>workers,</u> councillors, contractors, partners, suppliers, consultants, volunteers, <u>tenants,</u> residents and service users of the council <u>(for example those accessing the Housing Needs Register)</u> .

1.2   The policy applies to all <u>of the</u> Council's activities, including its work with strategic partners, third parties, suppliers and others. In the case of partnership working, the council will seek to promote the adoption of this policy by its partners.

2   Policy Statement

2.1   The Council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.

2.2   The Council will fulfil the responsibility to reduce fraud and protect our resources by a strategic approach consistent with that outlined in the Fighting Fraud and Corruption Locally Strategy 2020 and CIPFA's Managing the Risk of Fraud and Corruption.

2.3   The Council's employees<u>, workers</u> and Members have a key role in maintaining this culture. The Council has implemented effective whistleblowing arrangements and employees<u>, workers</u> and Members are encouraged to raise any serious concerns about the Council's work, including any reasonable belief that fraud or corruption is occurring.

2.4   The desired culture is reinforced through the Council's behavioural competencies which are embedded in policies and procedures, where values of openness and honesty are specifically mentioned.

2.5   The Council aims to learn from any incidences of fraud or corruption and where there have been breakdowns in systems, procedures or governance arrangements, these will be reviewed and ~~will be~~ controls <u>will be</u> put in place to prevent a reoccurrence.

2.6   We will Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

3   Key Principles

3.1   The Council is committed to the prevention and detection of fraud and corruption, whether from within or outside the organisation and accordingly the aims of this document are to:

- ~~To~~ raise awareness of fraud <u>and corruption and ~~its~~their impact on our resources and services;</u>

- ~~and~~ provide a consistent framework for managers and Members, which enables effective deterrence, prevention, detection and investigation of fraud and corruption;

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- Eexplain the roles and responsibilities of employees, Members and others with regard to fraud and corruption (**Appendix A**);

- Create and promote an anti-fraud culture of openness and honesty;

- 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;

- ensure we provide a consistent and proportionate response to all cases of fraud and corruption, including tenancy fraud;

- Assist the Council's Section 151 Officer under the Local Government Act 1972 and the Assistant Director (Legal and Governance), in their role as Monitoring Officer under the Local Government and Housing Act 1989, and in fulfilling their roles.fulfilment of the role as the Council's Monitoring Officer; and

- Protect the Council's resources (for example our funds and assets) and services (for example preventing the misuse thatof our housing stock and allocations);

3.2 The strategy is based upon four key themes: Govern, Acknowledge, Prevent and Pursue (**Appendix B**). It adheres to the CIFAS publication "Fighting Fraud and Corruption Locally Strategy 2020" which was published in March 2020.

4 Types and Impact of Fraud

4.1 Fraud and corruption detrimentally affects the Council–, its ability to meet its objectives and impacts on its residents. It can:

- Uundermine the standards of public service that the council is attempting to achieve;
  -
- Rreduce the level of resources and services available for residents, particularly to those in most need (for example fraudulently accessing social housing will prevent those in most need accessing social housing); and,
  -

- rResult in major consequences which reduce public confidence in the Council.
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4.2 A list of types of fraud that could be faced by the Council are contained within Appendix D. This list is not exhaustive but provides context on the impact fraud and corruption can have on the organisation and its ability to deliver its objectives.

5   Definitions of Commonly Used Terms

Fraud

5.1 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"

5.2 As a crime 'Fraud' is defined by the Fraud Act 2006 as:

- Fraud by false representation

- Fraud by failing to disclose information

- Fraud by abuse of position

5.3 In addition, the Fraud Act deals with offences relating to the possession of articles for use in the course of or in connection with 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

5.4 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, and the responsibilities for these are set out within the Councils Anti-Bribery Policy.

5.5 The Bribery Act creates the following offences:

- Active bribery: offering, promising or giving a financial or other advantage to another person to induce or reward that other person;

- Passive bribery: agreeing to receive or accepting a financial or other advantage in return for the improper performance of a relevant function or activity;

- Bribery of foreign public officials; and

- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

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

Corruption

5.7 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.

5.8 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 into giving or receiving a bribe.

5.9 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 policy, the Member and Employee codes of conduct and the Whistleblowing Procedure are designed to meet that requirement.

Money Laundering

5.10 The Council recognises its responsibilities under the Money Laundering Regulations 2017 (as amended) and the Proceeds of Crime Act 2002. 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.

5.11 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.

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5.135.12   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 (undertaken by the Shared Anti-fraud Service).

5.145.13   Responsibilities and reporting arrangements are set out within the Council's Anti-Money Laundering Policy.

6 Management of Fraud and Corruption

6.1 As with any risk faced by the council, it is the responsibility of managers to ensure that any fraud and corruption risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plans, project and programme objectives and outcomes.

6.2 In making this assessment it is important to consider the risk of fraud and corruption occurring rather than any actual incidences of fraud or corruption 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.

6.3 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~~considered.

6.4 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.

6.5 Whilst all stakeholders in scope have a part to play in reducing the risk of fraud and corruption, elected 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.

6.6 The Council adopts the four key themes of Govern, Acknowledge, Prevent and Pursue. The approach to each of these headings is set out in **Appendix B.**

6.7 A fraud response plan is contained within **Appendix C**. This is used in the event of a fraud or a suspected fraud.

6.8 The council will provide a counter fraud provision through its membership in the Shared Anti-Fraud Service, which:

- eEnsures that the resources dedicated are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards;
- Pproactively deters, prevents and detects fraud, bribery and corruption;
- Iinvestigates suspected or detected fraud, bribery and corruption; and,

- Eenables the council to apply appropriate sanctions and recover all losses through court action or by invoicing an individual.

6.9 In cases of confirmed fraud or corruption recommendations will be used to inform policy, systems, risk management and control improvements, thereby reducing the council's exposure to fraudulent activity.

6.10 The Council will share relevant information with third parties and participate in data matching exercises with the National Fraud Initiative and other parties for the purposes of preventing, investigating and enforcing fraud and corruption (for example the Police, the Department for Work and Pensions and Hertfordshire County Council). Data will only be shared where there is a clear legal basis for doing so in line with the councils Privacy Statement, Data Protection Policy and relevant legislation.

6.11 We will work with other social housing providers and the voluntary sector operating within Welwyn Hatfield, especially where WHBC has nomination rights to their properties, to take the same zero tolerance approach to tenancy fraud that we have adopted.

6.10

6.116.12 On identification of a fraud or corruption, or suspected fraud the Council will respond swiftly to:

- Prevent further losses of funds or other assets where fraud or corruption 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 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 or corruption;

- Identify the perpetrators and take appropriate action withincluding any disciplinary, civil and/or criminal action; and

- Minimise any adverse publicity for Welwyn and Hatfield Borough Council; and,

- Support sub-tenants by offering advice on the legal process for gaining possession and providing broader advice and assistance which may be in the form of completing homeless application if applicable and applying to join the Housing Waiting List

7   Monitoring

7.1   Fraud and corruption cases will be monitored to ensure the correct application of the policies and procedures.

7.2   We will report on fraud information as required by the Transparency Act 2015.

7.27.3 We will agree an anti-fraud and corruption plan at the start of each financial year, and report against this plan on a six monthly basis.

8   Version History

Version no.	32.0	Date effective:	June 2024July 2022
Full / partial review?		Partial – Rolling review, and structural changesincorporation of Housing Tenancy Fraud Policy, inclusion of SAFS and updates to job titles.	
Brief summary of changes:		Fundamental Rolling review review of policy	
Staff consultation (teams):		Senior Management Team	
Author:		Helen O'Keefe, Assistant Director (Finance)	

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Appendix A – Roles and Responsibilities

Stakeholder	Responsibilities
Chief Executive	Accountable for the effectiveness of the council's arrangements for countering fraud and corruption.
Assistant Director (Legal and Governance) **(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 Whistleblowing Procedure
Executive Director (Finance & Transformation) **(Section 151 Officer)**	To ensure the council has adopted and implemented an appropriate Anti-Fraud and Corruption Policy/Strategy . To ensure that the council has an adequately resourced and effective Internal Audit service to support "counter fraud" activity. Board Member of the Shared Anti-Fraud Service
Assistant Director (Finance) **(Deputy Section 151 Officer)**	Contract Manager for Shared-Anti Fraud Service To champion anti-fraud activities and training
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.

Internal Audit	Provide assurance to senior management and members that the Council adheres to its polices and procedures to deter, prevent and respond to suspected fraud.
Shared Anti-fraud Service~~R~~	Responsible for developing and promoting 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. To provide support for the Councils mandatory participation in the Cabinet Office National Fraud Initiative, voluntary participation in the Hertfordshire FraudHub and other data-analytics projects to help identify/prevent fraud. Providing guidance and support to senior management on new and emerging fraud risks and management recommendations where fraud has arisen due to system weaknesses.
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.
Directors, Assistant Directors, Service Managers	To promote and anti-fraud and corruption culture by raising staff awareness and ensure that all suspected or reported irregularities are immediately reported or referred as per the council's whistleblowing ~~procedure~~ policy and 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. To document procedures in areas that are of high risk of fraud activity (for example for Tenancy Fraud).

Appendix A (continued) – Roles and Responsibilities

Stakeholder	Responsibilities
Staff	To comply with council policies and procedures. To be aware of the possibility of fraud, corruption and bribery, and to report any genuine concerns to management or via the Whistleblowing procedure. To undertake all mandatory, relevant or recommended anti-fraud training.
Public, Service Users, Partners, Suppliers, Contractors and Consultants	To report any genuine concerns / suspicions in accordance with the council's reporting procedure

Appendix B – Governing, & Acknowledging, Preventing and Pursuing Fraud

Govern	**Executive Support**	Our Senior ~~Management~~ Leadership Team will set the tone for a zero tolerance of fraud and corruption and will ensure that an anti-fraud culture is embedded across the Council and the services it delivers.
	Robust Arrangements	The Council will adopt and apply a variety of policies and procedures that seek to reduce the risk of fraud and corruption and encourage staff to report fraud where they see it. These will be regularly reviewed and updated as appropriate by the responsible officers. These include: • Anti-fraud and Corruption Policy • Whistleblowing Policy • Preventing Tax Evasion Policy • Anti-money Laundering Policy • Anti-bribery Policy • ~~Tenancy Fraud Policy~~ • Corporate Enforcement Policy • Risk Management Policy and Strategy • RIPA Policy • The Councils Constitution (including financial regulations, member code of conduct and procurement standing orders) • Employee Code of Conduct
Acknowledge	**Committing Support**	The council's commitment to tackling the threat of fraud is clear. We have 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 and internal audit service. These risk assessments will inform our internal controls and counter fraud priorities.
	Robust Response	We will continually look to strengthen measures to prevent fraud. We will respond positively, taking appropriate action, where fraud is reported or suspected (Appendix C). We will review all incidences of fraud to ensure that any weaknesses in systems or processes that allowed the fraud to occur as

removed.

Prevent	**Better use of information technology**	We will make use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence, including working with external organisations to increase our capability to uncover potential and actual fraud and develop strategies to support fraud prevention in local government. We have measures in place to protect the council against cyber crime, malware, and fraudulent attacks aimed at the IT infrastructure.
	Anti-Fraud culture	We will promote and develop a strong counter fraud culture, raise awareness, provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations and any recovery of losses due to fraud, including the reporting of tenancy fraud in our Tenants newsletter. SAFS will produce reports and data to fraud champions, and Audit Committee detailing counter fraud activity.
Pursue	**Fraud Recovery**	We will enforce and aim to recover any funds lost through the act of 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 staff or partners will investigate any fraud detected through the: planned proactive work; cases of suspected fraud referred from internal or external stakeholders; or, cases received via the whistleblowing procedure.

We will also work with relevant internal and external partners/external agencies/organisations.

Appendix C – Fraud Response Plan

1   Identification / Notification

1.1   **In the event of a fraud being discovered or suspected, the matter should be reported to the** ~~Executive Director (Finance and Transformation) or the Assistant Director (Finance) who will decide what further action is appropriate~~**Shared Anti-Fraud Service on 0300 123 4033 or fraud.team@welhat.gov.uk.** ~~Details should be emailed to antifraud@welhat.gov.uk~~

1.2   ~~Tenancy or Benefit~~ **Fraud can also be reported to us online Anti-Fraud – Welwyn Hatfield Borough Council (welhat.gov.uk)** ~~www.welhat.gov.uk/report~~

1.3   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.

1.4   Council employees, workers 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.

1.5   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.

1.6   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.

2   Investigation Process

2.1   Any suspicion of fraud or corruption will be treated seriously and will be investigated in accordance with statutory provisions and local protocols to ensure any actions are carried out both fairly and lawfully.

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

2.3   Where necessary the Council (and the Shared Anti-fraud Service) 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.

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

Appendix C (continued)– Fraud Response Plan

3   **Confidentiality**

3.1 Details of any investigation are strictly confidential and will not be discussed with anyone other than the relevant management representatives. The details of the person reporting the fraud will remain confidential unless the reporting person(s) advises the investigating officer that they are happy for their details to be shared, or where there are legal requirements to disclose (such as with disclosure to the police).

3.2 If the media becomes aware of an investigation and attempts to contact employees or Members, 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 communications team.

Appendix D – Examples of Fraud Areas

The main areas of fraud that were reported in Fighting Fraud & Corruption Locally 2017-2022 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. Examples of fraud risk relevant to the Council to provide context around potential impacts include:

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.

Council Tax – False claims for discounts or exemptions to reduce liability.

Housing Benefit – False claims regarding income, capital, rent liability or family makeup to increase entitlement.

Business Rates – Deliberate withholding of information or relevant facts to evade or reduce liability.

Housing/ Tenancy Fraud – providing false information, withholding information or making misrepresentations to obtain a social housing tenancy, unlawful sub-letting or parting with occupation, falsely claimed succession and unauthorised assignment, "key selling applications "and Right to Buy supported by money laundering or misrepresentation.

Procurement – Tendering issues, split contracts, double invoicing.

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.