

EASTSUFFOLK
C O U N C I L

**Corporate Anti-Fraud
Business Plan
2021-2022**

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1. INTRODUCTION

- 1.1 The Corporate Anti-Fraud Business Plan represents the Council's strategic response to counter fraud and corruption.
- 1.2 The Leader of the Council, his Cabinet and Senior Management Team set the tone of zero tolerance approach towards all fraud actioned against the Council, its customers and all stakeholders.
- 1.3 East Suffolk Council's Corporate Fraud Team will continue to create an anti-fraud culture and enhance services in the field of corporate anti-fraud activity across all Council services and with all partners aligned directly to the five key strategic themes detailed the Council's Strategic Plan 2020-2024, see diagramme below:



- 1.4 The Team will acknowledge, prevent and persue fraudulent behaviour in order to support the Council to help grow the economy, enable our communities, remain financially sustainable, deliver digital transformation and care for the environment, whilst ensuring a zero tolerance approach to all fraud issues.
- 1.5 The foreword of The Chartered Institute of Public Finance & Accountancy (Fraud and Corruption Tracker) Summary Report 2019 (CIPFA) states: *“As stewards of public money, it’s the responsibility of each and every public sector organisation to take an active role in the fight against corruption, bribery and fraud. The impact of financial crime is enormous. The diversion of funding from vital public services undermines public trust, financial sustainability, organisational efficiency and makes vulnerable people in our communities much worse off.”*
- 1.6 All Councillors, officers, employees, consultants, partnership staff, volunteers and agency staff, etc are committed to a zero tolerance approach towards fraud and corruption in the administration of its responsibilities, whether internally or externally, caputred within the relevant contracts and codes of conduct.
- 1.7 The Corporate Fraud Team are professionally qualified and experienced Investigators undertaking dedicated fraud prevention, detection, investigation and prosecution services, including intelligence gathering activities and fraud awareness training.
- 1.8 The Corporate Fraud Team receive fraud referrals from internal staff, contractors, partnership staff, external agencies, and other government departments along with anonymous referrals from members of the public.

- 1.9 A confidential telephone fraud 'hotline' (01394 444444), is available for all to report any suspicion of fraud. **Currently due to Covid restrictions and working from home the hotline is not answered personally by a team member, but is checked regularly throughout the day and responded too accordingly when a message is left. Reports can also be made via the Council's website on fraud@eastsuffolk.gov.uk.**
- 1.10 In addition there is a legal requirement for anyone wanting to report any **whistleblowing concerns on the confidential whistleblowing hotline (without fear of reprisal) on 01394 444222.**

2. INTERNATIONAL, NATIONAL AND REGIONAL CONTEXT

- 2.1 The International Public Sector Fraud Forum 'A Guide to Managing Fraud for Public Sector Bodies' (February 2019) sets out an international unified approach based upon anti fraud principles and practices which the Council has embraced for a number of years. The Council acknowledges that fraud has no geographic boundaries particularly in the growing cyber technology world. This is very apparent during the Coronavirus Pandemic where fraud risks have substantially increased. The combination of financial and health threats in a crisis makes people more vulnerable and creates opportunities for fraudsters.
- 2.2 Tackling fraud in Local Government continues to remain high profile; driven by the duty to ensure public stewardship of Council resources and enable the Council to provide services to those in need whilst facing significant reductions in government funding.
- 2.3 The Corporate Fraud Team has connections and links to many external agencies all sharing the same objective to prevent crime, which are valuable assets during crisis times.
- 2.4 The loss and harm caused by fraud in the public sector is significant. The National Fraud Initiative Report dated July 2020, suggests that fraud cost the public sector from 1 April 2018 to 4 April 2020 was £215.8 million. This does not take into account the social harm caused by fraud across the communities.
- 2.5 Fighting Fraud and Corruption Locally (FFCL) Strategy 2020 was launched in March 2020. East Suffolk Council (along with Ipswich Borough Council) have assisted the FFCL Board in creating the new strategy by working with a representative of the FFCL Board in a regional workshop.
- 2.6 The Corporate Fraud Team also consider and incorporate elements of the Government's Economic Crime Plan 2019-2022 within its operations.

3. AIMS AND OBJECTIVES

- 3.1 The Corporate Fraud Team at East Suffolk Council is committed to:
- Raising awareness of the importance of identifying and tackling fraud across the Council and its corporate partners.
 - Focus on post payment verification checks as per BEIS Fraud risks for Covid 19 Government Business grants.

- Focus on prevention and deterrence risk assessment as a cost effective means of reducing fraud losses to protect vital public resources.
- To continue the programme for fraud awareness training for staff, Councillors and partners etc.
- Improve the Council's fraud Intelligence IT framework.
- To undertake partnership data hubmatching across borders.
- Investigate potential fraudulent or corrupt activity with integrity and ethics are at the forefront.
- Use Proceeds of Crime Act 2002 legislation to recover losses from fraud with confiscation / compensation action.
- To work with other Government Organisations, partners, and investigatative bodies to strengthen and continiously improve resilience to fraud and corruption.
- Encourage individuals to report suspicions of fraudulent or corrupt behaviours.
- To publish when appropriately fraud and corruption cases.

4. **DEFINING FRAUD**

4.1 **What is Fraud?**

The Fraud Act 2006 details the legal definations of fraud, and is used for the criminal prosecution of most fraud offences. The Council also deals with fraud in non-criminal matters. For this purpose fraud is defined as:

“the intentional distortion of financial statement or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assest or therwise to gain”.

The defination covers various offences including deception, forgery, theft, misappropriation, collusion and misrepresentation.

4.2 **What is Corruption?**

Corruption is defined as:

“the offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person. These inducements can take many forms including cash, holidays, event tickets, meals etc”.

4.3 **What is Bribery?**

The Bribery Act 2010 creates offences where:

“an individual or commercial organisation offers or receives a bribe to bring about or reward the improper performance of a function or activity”.

Bribery can be acceptance of gifts, money, and hospitality in return for providing something of value to the briber.

4.4 What is Theft?

The Theft Act 1968 defines the legal definition of theft. For the purpose of this statement theft is defined as:

“the taking without consent and with the intention of not returning any property belonging to the Council or which has been entrusted to it e.g. clients funds, including cash, equipment, vehicles, data etc.”

Theft does not necessarily require fraud to be committed. Theft can also include the taking of property belonging to our staff or members whilst on Council property.

4.5 What is Financial Malpractice /Irregularity?

“any actions that represent a deliberate serious breach of accounting principles, financial regulations or any of the Council’s financial governance arrangements”.

These actions do not have to result in personal gain.

It is a fact that some people will look to make gain where there is opportunity, and Councils need robust processes in place to prevent, detect and respond to fraud and corruption.

Preventing fraud through effective counter fraud practices reduces the loss and reputational damage (although this can be difficult to measure). It also requires less resources than an approach focused on detection and recovery.

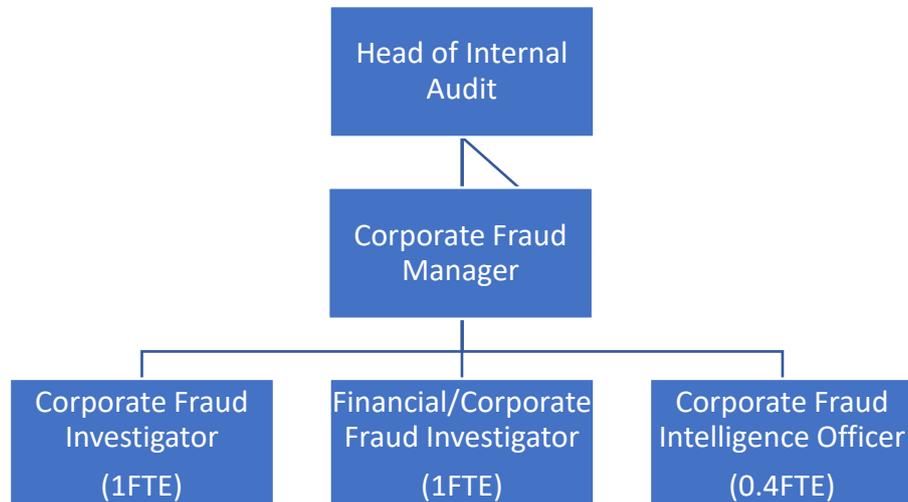
4.6 Defining fraud all three elements must usually be present:

The Fraud Triangle



5. RESOURCES

- 5.1 The Corporate Fraud Team (Service) sits within the Audit Section and forms part of the Audit Services Partnership with Ipswich Borough Council.



- 5.2 The Corporate Fraud Team has one Investigator that is also qualified as a Financial Investigator - authorised by the National Crime Agency (NCA), whose skills are being utilised across the partnership, in respect on Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017. The Head of Internal Audit is also authorised by the NCA as a Senior Authorised Officer. All of the above staff are directly employed by East Suffolk Council.
- 5.3 Partnership arrangements provide an opportunity to share training, knowledge and expertise, with a further two full time equivalent Financial Investigators appointed at Ipswich Borough Council. This provides a significant advantage to the Council as it enables us to recover financial losses due to criminal activity, as well as the ability to tackle broader criminal conduct cross boundary. These specialised Investigators delve into an alternative world of investigations and we have the possibility of utilising their skills for compensation and/or confiscation cases.
- 5.4 To be effective, the Council will continually adapt its resources and continue to be agile in order to face the changing nature of the threat and the changing nature of its own business. The Coronavirus Pandemic has identified emerging fraud risks which all Council staff and their partnerships need to be fully aware of in order to safeguard public money, and also support the public.
- 5.5 Fighting fraud and corruption is a not a one-off cost, it requires ongoing investment which flexes with the scale of risk and threat that the Council faces, which the Coronavirus Pandemic has identified.

6. KEY ACTIVITIES 2021-22

- 6.1 Workstreams for the Corporate Fraud Team planned for 2021-22 have been aligned to common themes set out within a number of national anti-fraud networks eg Fighting Fraud and Corruption Locally 2020 publication, the Credit Industry Fraud Avoidance System (CIFAS), the National Crime Agency and the National Cyber Security Centre. This also aligns to the East Suffolk Council's Strategic Plan 2020-2024.

In addition to these workstreams the Team will be working on areas identified within the BEIS grant fraud risk returns to investigate and conclude.

6.2 Corporate fraud investigations may fall within any of the following key areas, but is not limited to areas identified by the National Fraud Initiative Report July 2020. Each area may have proactive and reactive exercises taking place:

- Coronavirus Pandemic related grant fraud
- Cyber Crime – a method used to commit crime across any area of the Council
- National Non-Domestic Rates – linked to grant fraud
- Tenancy/Housing fraud
- Right to Buy
- Council Tax Single Person Discount/Reduction Scheme
- Procurement
- Car Park Enforcement/Blue Badge Scheme (in partnership with Suffolk County Council)
- National Fraud Initiative Matches 2020/21
- Whistleblowing Investigations
- Regulation of Investigatory Powers Act/Investigatory Powers Act
- Anti-Money Laundering

6.3 To be instrumental and actively promote the re-instatement of the Council's Enforcement Officers Group and assist Legal with revising the Enforcement Officers Policy across the Council's Enforcement Teams. Currently delayed due to the Coronavirus Pandemic.

6.4 In support of the UK Anti-Corruption Strategy 2017-2022, Internal Audit and Corporate Fraud Services plans will dedicate resource to specifically undertake fraud awareness training in the risk of procurement fraud to reduce corruption in public procurement and grants.

6.5 In support of the fraud awareness programme, we will continue to deliver fraud awareness training to all Council Members. There will be E-learning training available in respect of fraud awareness provided to all staff, contractors and partnership staff etc, which everyone will be advised to undertake.

7. **PERFORMANCE**

7.1 An annual report of outcomes from the previous financial year 2020-2021 will be presented to the Audit and Governance Committee, in a separate report, later in the year.

7.2 Outputs are monitored on a monthly basis within the service by the Corporate Fraud Manager and reported to the Head of Internal Audit.

8. Fighting Fraud and Corruption Methodology

<p><u>GOVERN</u></p> <p>Having robust arrangements with Members and Senior Management support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p><u>ACKNOWLEDGE</u></p> <p>Accessing and understanding fraud risks.</p> <p>Committing the right support and resource to tackle fraud and corruption.</p> <p>Communicating the risks to those charged with Governance.</p>	<p><u>PREVENT</u></p> <p>Enhance information and technology use.</p> <p>Enhance fraud controls and processes.</p> <p>Develop effective anti-fraud culture.</p> <p>Communicating our activities and successes.</p>		<p><u>PURSUE</u></p> <p>Prioritise fraud recovery and use of civil sanctions.</p> <p>Utilise Proceeds of Crime Act/Money Laundering regulations.</p>
<p>Adopt a robust Anti-Fraud and Corruption Strategy supported and approved by Audit & Governance Committee.</p>	<p>Review and assess all Fraud policies to ensure a comprehensive response.</p>	<p>Conduct targeted reviews in conjunction with Internal Audit to design out fraud from the outset, which will enhance fraud controls and processes across the organisation.</p>	<p>Conduct fraud investigations in line with risk assessment in response to referrals from internal staff, members of the public and external agencies etc.</p>	<p>Utilise civil sanctions with the option of prosecution where a criminal offence is committed.</p>
<p>Provide E-Learning fraud awareness training across the Council to all staff, members, contractors, partnerships etc.</p>	<p>Conduct a formal fraud risk assessment which will be used to create a fraud risk mitigation plan.</p>	<p>Perform due diligence money laundering checks on all Right to Buy housing applications.</p> <p>Perform due diligence in respect of rent accounts in line with money laundering regulations 2017.</p>	<p>Conduct proactive exercises via data technology across all high fraud risk areas in the Council.</p> <p>Improve the fraud awareness understanding across all Council Sections including Members. The fraud service to promote their services in many enforcement areas, for the seizure of assets of offenders to recoup financial losses.</p>	<p>Publicise successes to align with the Councils Strategic Plan and to increase public confidence over value for money and spending decisions.</p>
<p>Undertake specific fraud awareness training to Council Members.</p>	<p>Attend Team meetings to provide support and guidance relating to anti-fraud measures.</p>	<p>Instrumental in re-instated the Enforcement Officers Group in respect of using Proceeds of Crime Act 2002 / Money Laundering Regulations across the difference service areas.</p>	<p>Provide fraud information to all relevant staff and if appropriate members of the Public.</p> <p>Undertake NFI data matching activities and any local proactive fraud drives assessed as a priority by the Head of Internal Audit.</p>	<p>Collaborating enforcement across geographical and sectoral boundaries (within a legal gateway)</p> <p>Assist in the review of the Council's Enforcement Officers Policy.</p>
<p>Continue to participate in International Fraud Awareness Week.</p>	<p>Survey Members and Senior Management in respect of any corporate fraud issues.</p>	<p>Publicising the work of the fraud service through internal promotion and to the public through the Press Office.</p>	<p>Continue to maintain and grow good working relationships with external government agencies, social landlords' cross borders etc.</p>	
<p><u>PROTECTING THE COUNCIL AND ITS RESIDENTS</u></p>				
<p>Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.</p>				

