

ANTI-FRAUD AND CORRUPTION STRATEGY 2021 - 24

LONDON BOROUGH OF WALTHAM FOREST

ANTI-FRAUD AND CORRUPTION FRAMEWORK

Policy Version	1
Presented to Governance Board	10 November 2021
Approved by Audit & Governance Committee	14 October 2021
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This document supersedes all previous versions	

1. Introduction

- 1.1 Waltham Forest Council takes its responsibilities to protect the public purse very seriously and is committed to protecting the public funds it administers.
- 1.2 The ongoing effort to combat fraud has the full support of the Audit and Governance Committee and the Senior Leadership Team.
- 1.3 The Council is committed to promoting and developing a strong ethical and anti-fraud culture. This document sets out the Council's strategy to combat fraud and corruption in order to maximise the resources available by reducing fraud to a minimum.
- 1.4 The Strategy not only covers operational activity to detect and investigate fraud and corruption but also sets out objectives for proactive work to deter and prevent fraud and corruption through the ongoing development of an anti-fraud culture.
- 1.5 The guidance set out applies to all stakeholders, including all employee's whether temporary or permanent or working in our schools; Members; contractors; partners, our trading companies and their staff; consultants; suppliers and service users.
- 1.6 This strategy forms part of the governance arrangements of the Council and outlines the Council's commitment to an anti-fraud culture and is endorsed by the Chief Executive and Leader of the Council on the following page.

ANTI-FRAUD, BRIBERY AND CORRUPTION STATEMENT

Waltham Forest Council is committed to the principles of good governance and recognises the importance of operating in an open and accountable manner, whilst demonstrating high standards of conduct. The Council expects all councillors, staff, partners and contractors to act honestly, with integrity and to safeguard the public purse.

The Council will not accept any bribery, fraud or corruption. All allegations will be thoroughly investigated and appropriately dealt with.

The Council is committed to ensuring that opportunities for bribery, fraud and corruption are reduced to the lowest possible level by:

- Creating an anti-fraud culture;
- Raising awareness of the impact of fraud both on the organisation and the individual;
- Preventing, detecting and deterring fraud;
- Formally investigating fraud;
- Applying sanctions against people who commit fraud;
- Seeking redress for frauds, overpayments and losses.

To achieve this, the Council will:

- Promote a culture of zero tolerance for bribery, fraud and corruption.
- Ensure that all stakeholders, including employees, councillors, schools, partners, consultants, contractors and suppliers understand that fraud, bribery, or corruption are unacceptable.
- Provide access to rules and procedures that stakeholders will be expected to follow.
- Clarify roles and responsibilities in relation to bribery, fraud and corruption.
- Share information with other authorities to deal with fraud and corruption locally and nationally, working within the law.
- Increase awareness of fraud and corruption through training and communication.
- Enable managers to identify and mitigate fraud risks.
- Encourage and enable stakeholders to raise serious concerns.
- Formally investigate allegations of fraud, bribery, and corruption.
- Proactively seek out and investigate instances of potential fraud.
- Apply appropriate sanctions such as disciplinary action, criminal proceedings and recovery of losses when necessary, working with other organisations to achieve this.
- Publicise successes where deemed to demonstrate an effective counter fraud culture.

Signed:



Chief Executive

Signed



Leader of the Council

2. The Strategy

- 2.1 The Anti-Fraud and Corruption Strategy forms part of the Council's anti-fraud framework, which includes the policies and procedures that are specifically targeted at combatting fraud and corruption, along with Council-wide policies and procedures, including the Code of Conduct, Financial Regulations, Contract Procedure Rules, and the Whistleblowing Policy.
- 2.2 The purpose of the Strategy is to provide management with a tool to ensure progress and transparency with regards to anti-fraud activities. It is designed to strengthen the Council's resilience to fraud and to demonstrate the protection and stewardship of public funds.
- 2.3 The Council has adopted the guiding principals included in the "Fighting Fraud and Corruption Locally 2020" (FFCL) which is the anti-fraud and corruption strategy for local government.
- 2.4 The FFCL strategy has been developed collaboratively by local authorities, the Local Government Association, The Society of Local Authority Chief Executives and Senior Managers, The National Anti-Fraud Network, CIPFA and private sector partners, and is a strategic guide to minimising fraud and corruption in local authorities.

3. Fraud and Corruption

- 3.1 The Fraud Act 2006 provides the legal definitions of fraud and is used for the criminal prosecution of fraud offences.
- 3.2 For the purposes of this document fraud is defined as; "the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community."
- 3.3 The definition covers various offences including deception, forgery, theft, misappropriation, collusion and misrepresentation. Although used in this context it is not intended to limit the full use of the Fraud Act 2006 by the Council.
- 3.4 Corruption is the offering or acceptance of inducements designed to influence official action or decision making. These temptations can take many forms, including cash, holidays, event tickets, meals and other hospitality.

4. Strategic Objectives

- 4.1 The former FFCL strategies focussed on pillars of activity where the Council concentrated its anti-fraud efforts, under 'acknowledge', 'prevent', and 'pursue'. Two additional areas of activity have been included to further enhance these strategic objectives, 'govern' and 'protect'.



5. Achieving our Objectives

Govern

- 5.1 The driving force of the Strategy is that those who are charged with Governance support the anti-fraud and corruption activity by ensuring that there are robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.
- 5.2 Tackling fraud is everyone's responsibility. Within the Council there are arrangements are in place to tackle fraud which are communicated throughout the organisation and to the public, demonstrating the Council's anti-fraud culture and commitment to preventing fraud.
- 5.3 The Council has a comprehensive and robust framework of policies and procedures, which combine to act as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.

GOVERN

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

Acknowledge

- 5.4 To create an effective anti-fraud response, the Council must acknowledge and understand fraud risks and demonstrate this by committing the right support and appropriate resource for tackling fraud.
- 5.5 To ensure an effective response to fraud risk, the Corporate Anti-Fraud Team will work collaboratively with departments to:
- identify fraud risks across the organisation
 - assess anti-fraud activities and controls for effectiveness, and
 - allocate the appropriate level of resource to detect and investigate reported fraud.
- 5.6 In creating identified fraud risks to be included on the risk register, the Council can better understand the fraud-threat environment in which it operates. It is also a tool to assist in focusing resources on the most relevant fraud risks.
- 5.7 The risk register is frequently reviewed to feed into the proactive work plan, which focuses on key risk areas and needs to be agile to respond to new and emerging risks.
- 5.8 Reactive referrals are often the primary source of investigations and provide good leads, primarily in organisations that have a robust anti-fraud culture, and where staff take responsibility for preventing, detecting and reporting instances of fraud. It is often the alertness of the public or employees that generate these referrals and enables detection to occur.



ACKNOWLEDGE

Accessing and understanding fraud risks.

Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with Governance.

Prevent

- 5.9 The Council has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs and aims to have sound financial systems and procedures which incorporate efficient and effective internal controls.
- 5.10 Fraud can be prevented and detected by enhancing fraud controls and processes, making better use of information and technology and developing a more effective anti-fraud culture.
- 5.11 The Council has a range of controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.
- 5.12 The Council promotes an anti-fraud culture across the community by publicising the impact of fraud on the community and of the work undertaken by the



PREVENT

Making the best use of information and technology.

Enhancing fraud controls and processes.

Developing a more effective anti-fraud culture.

Communicating its' activity and successes.

Corporate Anti-Fraud Team. We want our residents, suppliers and the public to know that fraud against Waltham Forest Council does not pay and will help the Council to achieve its priorities.

- 5.13 The Council participates biennially in a national data matching exercise coordinated by the Cabinet Office (National Fraud Initiative) as well as using data analytics and new technology to combat fraud.

Pursue

- 5.14 Prevention of fraud is a key priority and we look to take action to prevent fraud from being committed at the outset. However, we need to ensure a robust response to those who commit fraud against the Council and will always seek the strongest possible sanction. This is in line with the Council's prosecution policy.
- 5.15 The recovery of defrauded monies is a key element and action will also be taken where appropriate to recover losses. Where criminality has been proven then the Proceeds of Crime Act 2002 will be used to recover funds where possible.
- 5.16 Other methods of recovery may include civil proceedings; unlawful profit orders and compensation orders, bankruptcy if it is believed the individual has a poor history of paying and attachment of earnings orders.



PURSUE

Prioritise fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

Protect

- 5.17 This theme lies across all the pillars of this strategy. We



PROTECTING ITSELF AND ITS RESIDENTS

*Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.*

are seeking to protect public funds from fraud; from cyber-crime; against serious and organised crime which is often cross-border or nationwide; protecting individuals from becoming victims of crime; and protecting against the harm that fraud can do to the community.

- 5.18 This includes horizon scanning to protect the Council from future frauds.

6. Action and Review

- 6.1 In order to achieve the objectives detailed in this strategy, an action plan has been created which shows the activities and measures that will be undertaken during the 2021/22 financial year and will demonstrate how we are delivering against the strategic and operational objectives.
- 6.2 Progress of the action plan will be reported to the Audit and Governance Committee and Management Board quarterly.

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
GOVERN		
<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>The Council establishes and communicates the framework of procedures and policies, which demonstrate a commitment to integrity and ethical values and combine to act as an effective fraud deterrent.</p> <p>The Council ensures that fraud control activities are thoroughly documented and implemented through policies and procedures.</p> <p>The authority will perform evaluations periodically to provide objective feedback on the effectiveness of the investigation process and the anti-fraud and corruption strategy.</p>	<p>Annual review of the following documents presented to the Audit and Governance Committee for approval:</p> <ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy • Anti-Fraud and Corruption Policy • Sanction Policy • Anti-Bribery Policy • Money Laundering Policy • Fraud Response Plan <p>All documents incorporate any legislative or regulatory changes as well as details of new or revised risks of fraud.</p> <p>Details of anti-fraud activity and performance are reported to the Audit and Governance Committee quarterly, and Management Board biannually, detailing performance against the Strategy.</p> <p>CAFT will continue to promote the Council's suite of anti-fraud related policies and procedures, using internal publicity and training to enhance understanding and to communicate them across the organisation.</p>
ACKNOWLEDGE		

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
<p>Accessing and understanding fraud risks</p>	<p>CAFT will maintain a fraud risk register that will summarise the current and emerging fraud threats and contribute to the proactive work programme.</p> <p>The Council will maintain a well-informed fraud risk register that enables the Council to formulate effective and appropriate responses to all fraud risks, establishing and implementing preventative and detective control activities.</p> <p>The Council adopts a robust methodology for calculating and measuring fraud loss, that enables understanding of the scope of the challenge, assess the response required and measure performance.</p>	<p>Building on the fraud risk assessment across services during the COVID-19 pandemic, CAFT will lead an organisational fraud risk assessment to identify fraud risks, assess likelihood and significance, evaluate fraud control activities, and recommend actions to mitigate residual fraud risks.</p> <p>CAFT will use the information and fraud risk scores to contribute to the annual proactive work programme, which will include proactive activities aimed at detecting fraud, service reviews and risk assessments. These will enable the evaluation of the fraud control environment, inviting recommendations for improvement where appropriate.</p> <p>CAFT will research and consider implementing an updated methodology that can suggest the financial savings made by detecting and stopping fraud, especially where the full extent of the full economic loss is unclear, i.e. the financial savings of recovering a misused council tenancy.</p>
<p>Committing the right support to tackling fraud and corruption.</p>	<p>Maintain support from the highest levels by setting the “tone from the top” on the Councils approach to tackling fraud and corruption across the Council.</p> <p>Maintain a dedicated resource with responsibility to tackle fraud across the organisation with an adequate number of officers.</p>	<p>To consider options on becoming a full member of the Government’s Counter Fraud Profession, bringing together individual and organisational anti-fraud learning from across the public sector and maintaining a high level of professional development.</p> <p>Promote the Council’s suite of anti-fraud related policies and procedures, using internal publicity and training to enhance understanding and to communicate them to all employees across the organisation.</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
	<p>Ensure anti-fraud specialists have the right skills required to ensure the Council is effective in protecting funds and fighting economic crime.</p> <p>Support the Council with training and providing the skills and knowledge needed for an effective anti-fraud response to help strengthen the Council's fraud resilience.</p>	<p>Maintain regular refresher courses and e-learning modules for fraud awareness which should be mandatory for relevant groups of staff and provide bespoke fraud awareness training for services and attend departmental team meetings.</p>
<p>Demonstrating that it has a robust anti-fraud response</p>	<p>CAFT will investigate allegations of fraud thoroughly and to the highest professional standards. Where appropriate seek the full range of civil, criminal and disciplinary sanctions and seek redress where possible.</p>	<p>Completion of the CIPFA Fighting Fraud and Corruption Self-Assessment to identify areas of service improvement.</p>
<p>Communicating the risks to those charged with Governance</p>	<p>Departmental fraud risk registers to be considered and embedded into the existing risk management framework.</p>	<p>Details of anti-fraud activity and performance are reported to the Audit and Governance Committee quarterly, and Management Board biannually, detailing performance against the Strategy.</p> <p>CAFT will continue to promote the Council's suite of anti-fraud related policies and procedures, using internal publicity and training to enhance understanding and to communicate them across the organisation.</p>
<p>PREVENT</p>		
<p>Making the best use of information and technology</p>	<p>Continue to use and participate in existing systems of fraud prevention/detection.</p> <p>Identify new methods of fraud prevention and detection.</p>	<p>Identify and evaluate new technology, existing information, or new information that can be used to detect or prevent fraud, such as identity document verification scanners.</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
	<p>Develop analytics to detect potentially fraudulent activity or transactions quickly, as well as identifying and tracking perpetrators.</p> <p>To be an active participant in the biennial National Fraud Initiative (NFI) exercise and to robustly investigate suspected cases of fraud identified through NFI.</p>	<p>Use data analytic techniques to try and isolate suspicious transactions or trends that represent potential fraud.</p> <p>Continue to participate in the National Fraud Initiative data matching exercise. Where possible identifying improvements either in respect of data supplied to the exercise or in processing the resulting data matches.</p>
<p>Enhancing fraud controls and processes</p>	<p>Review and assess fraud prevention controls across the Council and recommending improvements where necessary, such as preventing fraudsters from accessing services and becoming employees.</p> <p>Assess new and emerging fraud risks which may appear following significant changes to the Council's operating environment, and the high dependency on technology, in the wake of the COVID19 impact.</p> <p>Identify revised fraud control activities linked to these changes and assesses their effectiveness.</p> <p>Use data analytics techniques to test controls.</p>	<p>Completion of an annual proactive work programme will be developed in line with priorities identified from national research, the Council's fraud risk register, horizon scanning, and risk areas identified by services.</p> <p>This should include ensuring that services across the organisation maintain suitable anti-fraud controls, as well as compliance with legislation and professional standards.</p> <p>Provide advice and assistance on projects and new systems to strengthen effectiveness against fraud risks at the outset.</p>
<p>Developing an effective anti-fraud culture</p>	<p>Build a culture that promotes and supports open communication, where any suspected or known breach of the code of conduct, fraud, or corruption is raised by employees internally and dealt with in a timely and effective manner.</p>	<p>Promote the Council's suite of anti-fraud related policies and procedures which has senior level approval, using internal publicity and training to enhance understanding and to communicate them to all employees across the organisation.</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
	<p>Ensure staff and management are aware of their responsibilities concerning preventing fraud and corruption.</p> <p>Raise awareness of fraud against the Council, working with staff, stakeholders and the public to highlight those risks and the consequences of fraud.</p>	<p>Maintain regular refresher courses and e-learning modules for fraud awareness which should be mandatory for relevant groups of staff and provide bespoke fraud awareness training for services, and attend departmental team meetings</p>
<p>Communicating its' activity and successes</p>	<p>Raise awareness of fraud and corruption both within the authority and in the community through running awareness campaigns and the publication of fraud successes in local and national media.</p>	<p>To develop and produce a communications plan and identify available channels to proactively promote the profile of the Council's anti-fraud activities which will further develop an anti-fraud culture. This can be by publicising not only successes but all activities in the proactive work programme.</p> <p>Identify channels for exchanging fraud-related information between services, to raise awareness and improve prevention.</p> <p>Produce fraud investigation outcome reports for management in a timely manner which identify the actions taken to investigate the fraud risks, the outcome of the investigations and recommendations to prevent reoccurrence.</p>
<p>PURSUE</p>		
<p>Prioritising fraud recovery and use of civil sanctions</p>	<p>Demonstrate a commitment to pursuing the full range of available sanctions (criminal, civil, disciplinary and regulatory) against those found to have committed</p>	<p>CAFT will ensure the use of a wide range of possible recovery and sanction, including:</p>

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
	fraud and seek to recover funds that have been lost or diverted through fraud.	<ul style="list-style-type: none"> • Disciplinary action, including liaison with, and referrals to, professional bodies; • Recovery through attachment of earnings; • Civil action used to recover lost assets, investigation expenses, and unlawful profit. • Criminal action, including the prosecution of offenders and the recovery of criminal gain using the Proceeds of Crime Act. <p>Through continuous personal development and training, ensure anti-fraud specialists and financial investigators have the right skills and accreditations to maintain an effective service.</p>
Developing capability and capacity to punish offenders	The Council will continue to take a tough stance on fraudsters and consider further areas to develop efficient, effective and consistent punishment.	
Collaborating across departmental, geographical and sectoral boundaries	Ensure collaboration across internal and external boundaries with colleagues and other local authorities and agencies. Sharing resources, skills and learning, good practice and innovation, and information.	<p>Protocols are put in place to facilitate joint working to enhance the anti-fraud activity, and to work proactively with other organisations and agencies to assist in combatting fraud, sharing resources, skills and learning, good practice and innovation, and information.</p> <p>Enhancing joint working with our Shared Service partners at LB Enfield.</p> <p>To actively maintain the authorities' membership of the National Anti-Fraud Network (NAFN), the London Borough of Fraud Investigators Group (LBFIG), The Chartered Institute of Public Finance and Accountancy (CIPFA) and all other enforcement partners including the Police, The Border Force and HMRC.</p>
PROTECT		

STRATEGIC OBJECTIVE	KEY AIMS	TARGET ACTIVITY
Recognising the harm that fraud can cause in the community.	CAFT to work with stakeholders to help prevent and detect fraud at the earliest opportunity.	CAFT to identify and develop a communications plan and identify available channels to proactively promote the profile of the Council's anti-fraud activities to our residents and businesses.
Protecting the Authority and its' residents from fraud.	To provide support and guidance across the Borough to help residents and stakeholders protect themselves against fraud with advice on how to refer their concerns to appropriate bodies when fraud occurs.	Identify channels for exchanging fraud-related information to residents and businesses in the Borough to raise awareness and improve prevention, e.g. by publishing scam alerts through online channels and social media.