

ANTI-FRAUD AND CORRUPTION RESPONSE PLAN

LONDON BOROUGH OF WALTHAM FOREST

ANTI-FRAUD AND CORRUPTION FRAMEWORK

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1 Introduction

- 1.1 The London Borough of Waltham Forest is committed to the prevention, deterrence, detection and investigation of all types of crime, especially fraud and corruption, committed against this Council and the systems it administers.
- 1.2 The Council is also committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we expect employees, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.
- 1.3 This Anti-Fraud and Corruption Response Plan compliments the Council's Anti-Fraud and Corruption framework. It provides guidance on the actions to be taken if fraud is suspected or uncovered and will enable the Council to:
 - Minimise and recover any losses;
 - Ensure collection of best evidence to support any criminal or civil action;
 - Provide recommendations and advise to strengthen controls to prevent recurrence.

2 Responsibilities

All Employees

- 2.1 All officers of the Council, including agency staff, Members and those working with the Council are responsible for:
 - Acting in a manner that is consistent with the Seven Principals of Public Life¹ to achieve best value for the Councils residents and maintain public confidence in this authority;
 - Reporting immediately to their line manager, or those named in this response plan, if they suspect that a fraud has been committed or see any suspicious acts or events.

Managers

- 2.2 In addition to the responsibilities above, managers are also responsible for:
 - Identifying risks within their service areas;
 - Developing and maintaining effective controls to prevent and detect fraud
 - Ensure that these controls are complied with.

¹ <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

2.3 It is not acceptable to turn a blind eye to suspected wrongdoing and disciplinary action will be considered if a member of staff or member has been complicit in ignoring any fraud or instances of bribery or corruption.

2.4 This requirement is part of the Council's Financial Procedure Rules which form part of the Council's Constitution.

3 Reporting a suspected fraud

All Employees

3.1 Employees are expected to raise concerns without fear of victimisation, discrimination or disadvantage. Any referral will be treated on a confidential basis and will be properly investigated.

3.2 Employees are very often the first to spot possible issues of wrongdoing at an early stage. Employees should not try to undertake any investigation themselves. This may damage any subsequent enquiry.

3.3 In the first instance, any suspicion of fraud, theft or other irregularity should be reported, as a matter of urgency, to your line manager. If such action would be inappropriate, particularly if you suspect their involvement, your concerns should be reported upwards to one of the following persons:

- Strategic Director, Finance and Governance – on 020 8496 4260
- Corporate Director of Internal Audit and Anti-Fraud Shared Service – on 020 8496 4620
- Deputy Head of Internal Audit and Anti-Fraud – on 020 8496 4487
- Corporate Anti-Fraud Team Manager – on 020 8496 4860
- Corporate Director of Governance and Law – on 020 8496 4791

Managers

3.4 If you receive information that might suggest wrongdoing or you have reason to suspect fraud or corruption in your service area, you should do the following:

- Listen to the concerns of staff and treat every report seriously and sensitively
- Obtain as much information as possible from the member of staff including notes or evidence to support any allegation. Keep this information secure until passed to the Corporate Anti-Fraud Team (CAFT).

3.5 **DO NOT** attempt to investigate or corroborate the matter yourself or try to obtain any further evidence as this may adversely impact any subsequent criminal investigation.

3.6 Report the matter as soon as practicable to those mentioned in 3.3.

3.7 The CAFT Manager can offer advice on the most appropriate course of action in relation to securing of relevant evidence and preventing any (further) loss.

4 Whistleblowing

4.1 The Council's whistleblowing policy also allows employees to raise serious concerns in confidence regarding a variety of issues for example:

- fraud in the workplace
- discrimination
- sexual harassment
- a failure by the Council to comply with a legal obligation
- or behaviour likely to damage the Council's reputation

4.2 Whistleblowers are protected by law and should not be treated unfairly or lose a job because they 'blow the whistle'.

4.3 All concerns will be treated in confidence and the Council will keep a worker's identity confidential if they so wish. However, a worker's ability to rely on the protections afforded by the whistleblowing policy will be lost if they expose themselves as the whistle blower, or as the source of the allegation, by making it known to others, either before or after making a whistle-blowing referral.

4.4 Subject to the constraints of the Council's duty of confidentiality to employees and elected Members, staff will be given as much information as possible about the outcome of any investigation.

4.5 Employees and members must only report genuine concerns; must believe the concerns to be true; and must not receive any personal gain from making the disclosure. Disciplinary action may be taken against anyone making a frivolous, false or malicious allegation against somebody.

5 What happens when you report a fraud?

5.1 When a fraud is reported, the allegation will be passed to CAFT who will decide if the allegation requires further investigation, usually based on the information provided at the time of referral or from initial enquiries.

5.2 If an employee is suspected to have committed fraud against the Council, a strategy meeting will be held in accordance with the Human Resources and CAFT 'working together' protocol.

5.3 In accordance with Section 67(9) of Police and Criminal Evidence Act, officers of the Corporate Anti-Fraud Service are referred to as, "charged with the duty of investigating offences or charging offenders".

5.4 Investigations are often carried out without alerting the person being investigated. Depending on the type of allegation, the case may have to be investigated for disciplinary proceedings, civil court proceedings or criminal

court proceedings. Strict rules apply to investigations carried out for any type of court/tribunal proceedings and compliance with these is essential. Sometimes the process can appear to be slow, and updates will only be provided when lawful to do so.

- 5.5 Managers should be supportive throughout an investigation, by making sure that the investigating officer is given the necessary co-operation and allowed sufficient time to undertake the investigation.
- 5.6 Investigation results will not be reported or discussed with anyone other than those who have a legitimate need to know. Where appropriate the person raising the concern will be kept informed of the investigation and its outcome.
- 5.7 Interim reports and updated detailing progress and findings may be produced throughout the investigation, to assist decision making and to keep senior managers appraised.
- 5.8 On completion of the investigation, the investigating officer, will prepare a full written report setting out the background, findings of the investigation, and recommendations to reduce further exposure if fraud is proven.

6 Outcomes following investigation

- 6.1 Where evidence of fraud is discovered and there is a case to answer:
 - Disciplinary action will be taken in line with the Council's code of conduct and disciplinary procedure
 - Criminal action, including prosecution, will always be considered and progressed if the conditions of the evidential and public interest tests are met.
 - Civil action, including property recovery will always be considered and actioned where appropriate.
- 6.2 Whenever fraud has been proven, the Council will make every effort to recover any loss. The method used will vary depending on the type of loss and the regulations and powers available.
- 6.3 All means of recovery, including recovery by attachments to earnings, civil court proceedings, unlawful profit order, proceeds of crime legislation and criminal court compensation, will be used as appropriate to the offence.
- 6.4 Where an employee is a member of the Council's pension scheme, the Council can apply to forfeit the employee's pension or to recover some or all of their pension benefits, if the employee leaves that employment as a result of a committing serious misconduct or a negligent act or omission.

7 Training

- 7.1 Being aware of fraud issues that can affect the Council and how to identify and prevent them are essential to building an anti-fraud culture within the Council.
- 7.2 Managers should ensure that all staff undertake and successfully complete the e-learning fraud awareness and fraud prevention modules on an annual basis.
- 7.3 CAFT will deliver tailored fraud awareness training for staff as necessary and the CAFT Manager should be consulted to provide advice on this.
- 7.4 Ensuring that the Council's fraud investigators are appropriately trained is the responsibility of the CAFT Manager. All investigating officers will be trained to a recognised professional standard.

8 Anti-Fraud and Corruption framework

- 8.1 This document forms part of the Council's anti-fraud and corruption framework.
- 8.2 Other documents that should be referred to when reading this Anti-Fraud and Corruption Response Plan include the Councils:
 - Anti-Fraud and Corruption Strategy;
 - Anti-Fraud and Corruption Policy;
 - Anti-Bribery Policy;
 - Anti-Money Laundering Policy;
 - Whistleblowing Policy;
 - Prosecution Policy;
 - Staff Code of Conduct;
 - Disciplinary Procedures;
 - Financial Procedure Rules;
 - Contract Procedure Rules.
- 8.3 This document continues in more detail across five parts:
 - Part A - General: this explains the reasons for having the response plan and what the document should be used for;
 - Part B - Employee responsibilities: this explains how employees and elected members should react if they suspect fraud or corruption;
 - Part C - Contractor and third-party suppliers responsibilities: this explains how contractors and third party suppliers should react if they suspect fraud or corruption;
 - Part D – Reporting suspected fraud, corruption or irregularities: which explains where to report and what happens to the referral.
 - Part E - Management responsibilities: this explains what managers need to do if they receive an allegation of fraud or corruption. It also outlines the position of managers in the overall control framework of the Council.

- 8.4 This document is available to all employees of the Council by being made available on the Council's Intranet and Internet pages. It is also intended that all managers within the Council will be issued with a copy of the document and asked to acknowledge they have understood its contents. This document, together with all relevant anti-fraud policies and guidance, will be made available to the Council's contractors and third-party suppliers.

Part A - General

2 Objectives

2.1 The objectives of an anti-fraud and corruption response plan are to ensure that timely and effective action can be taken to:

- Prevent loss of funds or other assets where fraud has occurred and to maximise recovery of any loss;
- Minimise the occurrence of fraud by taking rapid action at the first signs of a problem;
- Deter people from committing fraud against the Council;
- Identify offenders and maximise the success of any disciplinary and/or legal action taken;
- Be open with members and the public about fraud;
- Demonstrate that the Council acts to protect the public purse when fraud is identified, which in turn will help minimise any adverse publicity for the Council; identify any lessons which can be acted upon in managing fraud in the future;
- Reduce adverse impact on the business of the Council.

3 Defining fraud, corruption and irregularity?

3.1 Fraud

In its publication 'Protecting the Public Purse 2013', the former Audit Commission defined fraud as:

'an 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.'

Below are some potential indicators of fraudulent activity. Be aware that not all circumstances where these signs are exhibited will necessarily constitute fraud and nor is this an exhaustive list:

- Employees, consultants or agency workers who never take leave;
- Employees, consultants, agency workers or contractors who work outside normal working hours for no obvious reason;
- Employees, councillors, consultants, agency workers or contractors with serious personal financial problems;
- Employees, councillors, consultants, agency workers or contractors whose lifestyle is disproportionate to their income;
- Unusual concerns or nervousness about visits by senior managers and/or internal auditors;
- Employees, councillors, consultants, agency workers or contractors who often break rules or fail to comply with procedures;
- Complaints about members of staff, councillors, consultants, agency workers or contractors from customers or other employees;

- Lack of effective internal control;
- Undocumented activities;
- Unexplained falls in income levels or increases in expenses;
- Deliveries of goods to premises other than official Council buildings;
- General disregard by management and employees, consultants or agency workers towards security;

In addition, the Fraud Act 2006 introduced three main offences of fraud, namely:

- Fraud by false representation (section 2);
- Fraud by failing to disclose information (section 3);
- Fraud by abuse of position (section 4);

These offences sit alongside other offences contained within the Act and existing legislation that can be used to prosecute 'fraud' offences.

3.2 Corruption

Corruption can be defined as:

'the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.'

In addition, the Bribery Act 2010 created four new bribery offences, namely:

- Bribery of another person (section 1);
- Accepting a bribe (section 2);
- Bribing a foreign official (section 6);
- Failing to prevent bribery (section 7);

3.3 Irregularity

Behaviour or actions that fall short of expectations is also quite a broad description but generally covers an act, which is unlawful; or is against the Council's Standing Orders or policies; or is not in accordance with established standards of practice; or amounts to improper conduct by an employee, councillor, consultant, agency worker or contractor. It may provide evidence of fraud or corruption, or be a breach of a statutory or corporate code in itself.

Potential examples would be:

- Breaches of statutory or professional codes of practice;
- Breaches of, or failure to implement or comply with any policy determined by the Council or any of its Committees;
- Actions which are likely to cause physical danger to persons, or give rise to a significant damage to property;
- Failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income to the Council, or would otherwise seriously prejudice the Council;

- Abuse of power, or the use of the Council's powers and authority for any unauthorised or ulterior purpose;
- Unlawful discrimination in the Council's employment or services.

4 Review

- 4.1 This plan will be reviewed at least annually and whenever experience dictates a need for a revision.

Part B - Employees and Elected Members

5. Employee and Elected Member Responsibilities

- 5.1 It is the responsibility of all staff and members of the Council to report suspected fraud or corruption whenever they come across it within their work, or in connection with their duties. This could be by an employee, their manager, a contractor or agency worker, councillor or an external organisation. It is not acceptable to turn a blind eye to suspected wrongdoing and disciplinary action may be instituted if a member of staff or member has been complicit in ignoring a fraud or instances of bribery or corruption. As a result, the Council wants to make reporting fraud and corruption as easy as possible and to reassure employees and members that their identity will be protected as far as possible.
- 5.2 In addition to reporting fraud, employees and members have a duty to report instances where they believe that the Council's assets are at risk, as this exposes the Council to risk through the misuse of such assets. For example this may be because there is a physical security risk and an asset could be stolen, or it may be a breach in the IT system and it is information that is vulnerable.
- 5.3 Employees and members must always report instances of breaches in IT security to their manager (or the Corporate Director of Governance and Law for members) in particular when they think that their password has been compromised. The ICT Access Control Policy and ICT Acceptable Use Policy, available on the Intranet, sets out specific requirements on how staff and members should maintain a secure IT environment.
- 5.4 For information on reporting suspected fraud, corruption or irregularity, please see Part D below.

Part C - Contractor and other third party supplier responsibilities

6 Contractor and Other Third Party Supplier Responsibilities

- 6.1 It is a contractual obligation for all contractors and third party suppliers of the Council to report fraud or corruption whenever they come across it within their work, or in connection with their duties. It is not acceptable to turn a blind eye and action may be taken if a contractors or third party suppliers have been complicit in ignoring a fraud or instances of bribery or corruption. As a result, the Council wants to make reporting fraud and corruption as easy as possible and to reassure contractors and third party suppliers that their identity will be protected as far as possible.
- 6.2 In addition to reporting fraud, contractors and third party suppliers have a duty to report instances where they believe that the Council's assets are at risk. For example this may be because there is a physical security risk and an asset could be stolen, or it may be a breach in the IT system and it is information that is vulnerable.
- 6.3 Where a contractor or other third party supplier has access to Council systems, they must ensure usernames and passwords provided are kept secure. Any breach in IT security, in particular when a password or access to a system has been compromised, this must be reported. The Council's ICT Access Control Policy and ICT Acceptable Use Policy, available on the Intranet, sets out how system users should maintain a secure IT environment. Where a contractor or third party does not have access, these will be provided.
- 6.4 For information on reporting suspected fraud, corruption or irregularity, please see Part D below.

Part D - Reporting suspected fraud, corruption or irregularities

7 To whom should you report a suspected fraud, corruption or irregularities?

7.1 The route you should take will depend on whether you are reporting a suspected fraud or corrupt act by a member of the public, by another Council employee or by an elected Member. Each of these is detailed below. You should remember, however, that when you suspect a fraud or corrupt act, you should not discuss it with any other work colleagues at any time, or try to secure any evidence yourself.

7.2 Fraud or corrupt act by a member of the public.

If you suspect the fraud or corrupt act is being committed in your service area, then under normal circumstances you should report the matter to your line manager. If it is not in your service area, or you feel you cannot report the matter to your line manager, then you should report the suspected fraud or corrupt act to the Corporate Anti-Fraud Team by emailing: fraud@walthamforest.gov.uk or telephone 0300 0031099, or extension 4299.

7.3 Fraud or corrupt act by a benefit claimant.

If the suspected fraud or corrupt act is being committed by a member of the public who is claiming benefit, you should report the fraud or corrupt act directly to the Department for Work and Pensions (DWP) on 0800 854 440.

7.4 Fraud or corrupt act by a social housing tenant.

If the suspected fraud or corrupt act is being committed by a social housing tenant, such as the unlawful sub-letting of a council or Housing Association property, you should report the fraud or corrupt act to the Corporate Anti-Fraud Team by emailing: fraud@walthamforest.gov.uk or telephone 0300 0031099, or extension 4299.

7.5 Fraud or corrupt act by another Council employee

If you suspect a work colleague is committing fraud or a corrupt act, then you should report it to your line manager. You may not wish to report directly to your line manager, particularly if you suspect their involvement in committing the offence. In these circumstances, you can report to any of the following responsible officers:

- Strategic Director of Finance and Governance – on 020 8496 4260
- Corporate Director - Internal Audit and Anti-Fraud Shared Service – on 020 8496 4620
- Deputy Head of Internal Audit and Anti-Fraud – on 020 8496 4487
- Corporate Anti-Fraud Team Manager – on 020 8496 4860
- Corporate Director, Governance and Law – on 020 8496 4791

7.6 Fraud or corrupt act by an Elected Member.

Suspected fraud or a corrupt act by an elected Member should be reported to the Corporate Director of Governance and Law on 020 8496 4791

If you are unable to do this, then you may report a fraud or a corrupt act by an elected Member to any of the following officers in the council:

- Deputy Chief Executive – on [TBC]
- The Chief Executive – on 020 8496 4201

8 What happens when you report a fraud or a corrupt act?

- 8.1 When a fraud or corrupt act is reported to an appropriate officer, the allegation will be passed to the Corporate Anti-Fraud Team who will decide if the allegation requires a full investigation, usually based on the information provided at the time of referral, or pass to another law enforcement agency outside of the Council if the nature of the allegation warrants this. Any allegation of fraud or corruption by an elected Member must be reported to the Corporate Director of Governance and Law (Monitoring Officer), and will be dealt with under the Council's Code of Conduct for elected Members, or in serious cases will be reported directly to the Police.
- 8.2 Investigations often have to be carried out without alerting the person being investigated. Depending on the type of allegation, the case may have to be investigated for disciplinary proceedings, civil court proceedings or criminal court proceedings. Strict rules apply to investigations carried out for any type of court/tribunal proceedings and compliance with these is essential. Sometimes the process can appear to be slow, and updates will only be provided when lawful to do so.

Part E – Management responsibilities

10 Defined by the Council's Financial Regulations

10.1 The Council's Financial Procedure Rules form part of the Council's Constitution and set out a range of responsibilities that apply to management. Some of these relate specifically to the prevention of fraud and corruption, while others relate to internal control and the safeguarding of assets, which include the loss or misuse of assets as a result of fraudulent or corrupt activity. The relevant financial regulations are as follows:

1.2 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control. They are also responsible for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

7.2 The Strategic Director, Finance and Governance, is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

7.4 Strategic Directors are also responsible for informing the Head of Internal Audit of any serious break down of internal control and frauds in their services.

7.16 All Council Members and employees are personally responsible for ensuring integrity in the conduct of the Council's business, in particular by ensuring that they (and any subordinates) are aware of and abide by the Council's anti-fraud and anti-corruption policies and procedures and by alerting the relevant chief officer or the Head of Internal Audit and Anti-Fraud to any suspected breach;

7.17 The Strategic Directors are responsible for notifying the Head of Internal Audit and Anti-Fraud immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources;

11 Evaluation and Investigation of allegations

11.1 As soon as an allegation is received, managers should refer the matter to the Corporate Anti-Fraud team as soon as practicable.

11.2 Managers must inform the Corporate Anti-Fraud Team of any action they have taken in regard to the employee (e.g. suspension or redeployment) or any other action taken to prevent further loss.

11.3 The Corporate Anti-Fraud Team Manager can offer advice on the most appropriate course of action in relation to securing of relevant evidence. Any further action may involve the commissioning of specialist services to assist with an investigation e.g. IT specialists to preserve and secure information held

on computer systems; Legal Services; surveyors to assess building works etc. In all cases, the Corporate Anti-Fraud Team Manager will liaise with the manager to do this.

- 11.4 The Corporate Anti-Fraud Team Manager or a member of the Corporate Anti-Fraud Team will carry out any further investigation in conjunction with the line manager or other appointed person. In every case, a member of the Corporate Anti-Fraud Team will be appointed as the controller of the case.
- 11.5 The Corporate Anti-Fraud Team Manager has specific, but limited, resources available to investigate irregularities, fraud or corrupt acts committed by employees, consultants, agencies workers, contractors, third parties and members of the public. To ensure the most effective use of Anti-Fraud resources, all cases are evaluated and risk assessed prior to the commencement of an investigation. Cases will be prioritised based upon a number of factors, including the amounts or value of assets involved, the evidence available, the likely outcome or sanction on conclusion of the case, and the current caseload for the Corporate Anti-Fraud Team.
- 11.6 When an allegation has not been referred to the line manager but has been referred to one of the other responsible officers, it will normally be passed on directly to the Corporate Anti-Fraud Team Manager or Senior Investigator to assess. The Corporate Anti-Fraud Team Manager or Senior Investigator will carry out the preliminary enquiries and if appropriate, this will be carried out in conjunction with the line manager.
- 11.7 Making initial enquiries regarding an anonymous allegation is not usually a straightforward process, as the allegation has usually been made in the form of a brief letter or note, or by a brief message left on a telephone answering machine. As such, the investigating manager will not have access to the person that has made the allegation. The manager will therefore be unable to ask the person that has made the allegation questions about it, or the evidence or information they have or know about. Managers should be aware it is unlikely that the allegation will include sufficient information or evidence to substantiate the allegation, or indeed for the manager to make sufficient progress with the initial enquiries.
- 11.8 When anonymous allegations are received, managers are advised to seek the advice and guidance of the Corporate Anti-Fraud Team Manager at an early stage.

12 Regulation of Investigatory Powers Act 2000

- 12.1 The investigation of suspected fraud and corruption can involve surveillance of the suspect or suspects. This will often be a breach of a person's right to privacy or home life and so a potential breach of the suspect's rights under the Human Rights Act (HRA) 1998. It can also involve unintentional surveillance of non-suspects, e.g. visitors to a suspected sub-let tenancy.
- 12.2 To protect the Council from HRA 1998, certain types of surveillance can be authorised under the Regulation of Investigatory Powers Act 2000 (or RIPA). This includes:
 - Covert surveillance directed at a person or persons (e.g. a hidden camera)

- The use of informants, who use a relationship with the suspect to obtain further information about the suspect and their fraudulent activities.

12.3 There are also powers to obtain communications data, e.g. owners of mobile phone numbers.

12.4 From 1 November 2012, local authority use of RIPA has been restricted to conduct that would constitute a criminal offence which is punishable by a maximum custodial sentence of six months or more. The investigation of low-level offences such as littering, dog fouling and school admissions may not be undertaken using RIPA.

12.4 There is a clear and detailed authorisation process under RIPA, which you must follow to undertake any form of surveillance, which also includes repeated viewing of 'open source' sites, including social media. If you need advice, please speak to the Corporate Director of Governance and Law.

13 Determining the type of investigation

13.1 Allegation against an Employee.

If an allegation is substantiated after the preliminary enquiry and further investigation is needed, the investigation should have two objectives that will determine the type of investigation:

- The investigation should be conducted in line with the Council's Conduct and Discipline Policy and Code, and the Code of Conduct for Employees. The employee should be subjected to the appropriate sanction available in these codes;
- If there is evidence that an employee has committed fraud against the Council or has committed a corrupt act, the employee should be the subject of a criminal investigation, undertaken by the Corporate Anti-Fraud Team;
- Where it is clear that the issues being investigated fall into both categories above, the management investigation and the Corporate Anti-Fraud Team investigation should be carried out at the same time, in line with the Human Resources and Corporate Anti-Fraud Team 'working together' protocol. However, it is unlikely that they will be concluded at the same time as fraud investigations can take some time to conclude, particularly if the outcome results in a prosecution through the courts.
- As it is likely that the employee will have been suspended on full pay, it is important for the investigation teams to work in harmony to ensure that the management investigation is undertaken promptly, arrives at a timely outcome, and reduces the cost of the suspension to the Council.
- Where the police are involved, and this decision must be taken in accordance with the Prosecution Policy. It will be the responsibility of the Corporate Anti-Fraud Team Manager and Investigating Officer (Officer in Charge) to provide the liaison and ensure that they are appraised of the investigation at the earliest opportunity so that the above objectives are not jeopardised.

13.2 Allegation against a member of the public

If an allegation is substantiated after the preliminary enquiry and further investigation is needed, the type of investigation will very much depend on the nature of the allegation, and whether the allegation relates to criminal or civil offence(s).

The decision to prosecute will be taken either by the Strategic Director, Finance and Governance, the Corporate Director - Internal Audit and Anti-Fraud Shared Service, the Deputy Head of Internal Audit and Anti-Fraud or the Corporate Anti-Fraud Team Manager, and will be subject to the provisions of the Council's Prosecution Policy. In most cases the Council may bring the prosecution for a criminal offence, if the relevant legislation provides for this, without reference to the police. A copy of the Council's Prosecution Policy is available on the Council's Intranet and Internet pages.

13.3 Allegation against an Elected Member.

In these cases, the Chief Executive and the Corporate Director of Governance and Law (Monitoring Officer) must be informed in order for them to determine the nature and type of investigation, and who will carry it out. An allegation against a member may also need to be considered as an allegation that they have breached the Members' Code of Conduct or constitute one of the offences relating to the Code of Conduct and the declaration of pecuniary interests in the Localism Act 2011.

It should be noted that electoral offences (including corruption) must be reported to the Police and are not investigated by the Council or the Chief Executive in his role as Returning Officer.

13.4 General

In addition to the criminal route, wherever applicable, investigations will also follow a civil route. This will be with a view to recovering and/or withdrawing any service and/or monies from the person who has committed an offence. It is the responsibility of the manager, with the advice of the Corporate Anti-Fraud Team Manager, to ensure that this recovery takes place.

In some cases, it may be necessary to immediately inform the Council's External Auditor of fraud and/or corruption. This will be the responsibility of the Strategic Director of Finance & Governance, or his nominated representative.

14 Preservation of Evidence

14.1 When the initial enquiry has revealed that further investigation needs to take place, it may be necessary to preserve the available evidence. Evidence may take various forms. The most common forms of evidence and a brief note of how they should be preserved are given below:

- Original documents. This is the best form of evidence and original documents should be obtained and retained if possible. The documents should be handled as little as possible and should be put in a protective folder. Under no circumstances should they be marked in any way. One

person should be responsible for keeping these documents and should keep a record of how and where they were obtained.

- Computer held data. When evidence is held on a computer, the computer should be secured and the Chief Information Officer (ICT) and the Corporate Anti-Fraud Team Manager should be consulted about the most appropriate way of retrieving the data in accordance with the rules of Court evidence. Under no circumstances should the computer be switched on or files viewed by anyone.
- Cash. It may be necessary to count cash. If possible this should be counted by the person responsible for it in the presence of his/her manager. The person should then sign a statement confirming the amount of cash held and the manager should sign it as a correct record. If the person responsible for the cash is not available, two people should count the cash and sign a statement confirming the amount held. The cash should be kept secure at all times, preferably in a locked safe
- Stock or stores. As far as possible, these should be recorded in the presence of the person responsible for them who should sign a statement confirming the amount held. If the person responsible for assets is not available, two people should record the amount held and sign a statement confirming it. For large stock holdings, however, this will be impractical.
- Video evidence. There may be video evidence available, which may indicate a problem, for instance CCTV footage or static security cameras. If you suspect that a video may have information of value, secure the recording so that it can be treated in accordance with the rules of evidence. Under no circumstances should it be viewed by anyone. Advice can be sought from the Corporate Anti-Fraud Team Manager about how to proceed.

- 14.2 Whenever a person is suspended from work, they should be asked to remove all personal belongings from their desk/cupboard/pod and be informed that the desk/cupboard/locker/pod may be examined. If a person has been suspended and has not been given this opportunity and the desk/cupboard/locker/pod needs to be searched, then authority from the Monitoring Officer should be obtained. When this has been approved, two people should empty the desk/cupboard/locker/pod, the contents should be listed and the list should be signed by both of them as being a true record of what was found.

15 Management's welfare responsibility regarding an employee accused of fraud

- 15.1 It may be necessary for such an employee to be suspended from duty whilst an investigation takes place. Managers should be mindful of the requirements of the Conduct and Discipline Policy and Procedure. The Council has also recognised that suspension can be an extremely stressful experience for some employees and their families and managers should remind employees of the option of approaching the Human Resources Section for advice or sources of support.

The Council has an Employee Assistance Programme called Workplace Options, which can be called (0800 243 458) at any time for legal advice and counselling.

16 Management responsibility regarding the investigating officers

- 16.1 The need to investigate thoroughly and as quickly as possible may put undue stress on the investigating officer. Managers should be supportive throughout an investigation; make sure that the investigating officer is given the necessary co-operation, allowed sufficient time to undertake the investigation, and be aware of the investigating officer's workload, which should be reviewed and if necessary, redistributed.

17 Press and Publicity

- 17.1 The Communications and Culture Service will deal with the press and publicity in all matters regarding fraud and corruption. If any officer speaks to the press without the express authority of the Corporate Director of Communications and Strategy or their nominated representative, it may be regarded as a breach of the Employee Code of Conduct. The Council will actively encourage the publicising of all successful investigations prosecutions, and the wider work of the team so as to deter those considering committing an offence against the Council. The Corporate Anti-Fraud Team Manager will work with the Communications and Culture Team to produce press releases and anti-fraud material using as many opportunities and resources as possible.

18 The control framework to minimise and prevent fraud and corruption

- 18.1 It is the responsibility of management at all levels to ensure that effective internal control systems are in place and operating to minimise the potential for fraud and corruption. The Council has approved Financial Regulations and Contract Procedure Rules, which between them set out the control frameworks that must exist to minimise and prevent fraud and corruption. These regulations apply to all employees and must be complied with in relation to all financial, procurement and contractual transactions.
- 18.2 When fraud or corruption has been identified, management, in consultation with the Corporate Anti-Fraud Team Manager, the Corporate Director of Internal Audit and Anti-Fraud Shared Service and the Audit Manager should review the control procedures to ensure that the opportunity to repeat the fraud or corrupt act is minimised.

19 Asset Recovery

- 19.1 Whenever fraud has been proven, the Council will make every effort to recover any loss. The method used will vary depending on the type of loss and the regulations and powers available. All means of recovery, including recovery under social security legislation, attachments to earnings, civil court

proceedings, proceeds of crime legislation and criminal court compensation, will be used as appropriate to the offence.

20 Training

- 20.1 Being aware of fraud issues that can affect the Council and how to identify and prevent them are key elements to building an anti-fraud culture within the Council. Managers should therefore ensure that all staff undertake and successfully complete the e-learning fraud awareness module. Where these individuals are an integral part of the Council's control framework, it will be necessary for them to be regularly reminded of fraud and corruption issues and as such, they should complete the e-learning module on an annual basis. A link to this e-learning fraud awareness module is available on the Anti-Fraud page of the intranet.
- 20.2 The level and extent of any additional fraud awareness training required by service units will depend on the work that individual employees, consultants, agency workers and contractors carry out. The Corporate Anti-Fraud Team will deliver tailored fraud awareness training for staff as necessary, and the Corporate Anti-Fraud Team Manager should be consulted to provide advice on this.
- 20.3 Ensuring that the Council's fraud investigators are appropriately trained is the responsibility of the Corporate Anti-Fraud Team Manager. All investigating officers will be trained to a recognised professional standard.

Appendix 1

Response Plan for Council Tax Abatements

Staff roles and responsibilities

Council Tax abatements (i.e. support, discounts or disregards) is an area in local authorities where fraud is more common. This is especially the case for fraud committed by claimants. Any employee working in this area must therefore be particularly vigilant and be aware of when and how fraud may be committed and how to report concerns.

In dealing with applications for Council Tax abatements, staff must comply with all workplace instructions, procedures and guidance to minimise the risk of a fraudulent claim entering the system.

How to refer fraud

The Council employs qualified fraud investigators who can deal with Council Tax abatement fraud. When a member of staff suspects fraud by a claimant, the allegation or suspicion should be reported directly to the Corporate Anti-Fraud Team in Internal Audit and Anti-Fraud. Whenever possible, the report should be made by emailing fraud@walthamforest.gov.uk, by phone at 0300 003 1099 or extension 4299.

Staff who are employed in the delivery of Council Tax abatements have further guidance on making a referral in their manual.

What happens after the referral is sent

All referrals are evaluated to determine whether an investigation should take place. A number of factors are taken into consideration in this process, for example, the value of the potential fraud, the number of times it may have been committed, and the strength of the evidence, to name just a few.

Staff who refer fraud suspicions will receive an acknowledgement of the referral and an indication of whether the case will be investigated. If it is not investigated, they will be given reasons for this. If it is investigated, staff will be given a brief report on the outcome at the end of the investigation, which may be some time after the referral has been made.

The amount of detail included in the report will depend on the nature of the case, the member of staff's role within the Council and any duties of confidentiality that have to be considered.

Preventative and deterrence measures in place to reduce the risk of fraud in Council Tax Abatements

Fraud Awareness –The Council makes staff aware of fraud in a number of ways, including but not limited to the following:

- Specific training as and when required;
- On line training modules;
- Newsletters;
- Articles in magazines etc.
- Publicising successful prosecutions and all outcomes of work by CAFT.

Appendix 2

Response Plan for Social Housing Irregularities

Staff roles and responsibilities

Social housing is an area in the public sector where fraud is more common. This is especially the case with the unlawful subletting of social housing properties by the registered tenant, but also covers false applications for social housing, right to buy applications, succession claims, and homelessness claims by individuals with no recourse to public funds. Any employee working in this area must therefore be particularly vigilant and be aware of when and how fraud may be committed and how to report concerns.

In dealing with all housing issues, staff must comply with all workplace instructions, procedures and guidance to minimise the risk of a fraudulent claim entering the system.

How to refer fraud

The Council employs fraud investigators who deal with social housing fraud working in partnership with Resident Services and many of the Registered Social Landlords (RSLs) that operate within the borough. When a member of staff suspects fraud by a tenant or an applicant, the allegation or suspicion should be reported directly to the Corporate Anti-Fraud Team in Internal Audit and Anti-Fraud of the Council's Finance and Governance Directorate.

What happens after the referral is sent

All referrals are evaluated to determine whether an investigation should take place. A number of factors are taken into consideration in this process, for example, the value of the potential fraud, the number of times it may have been committed, and the strength of the evidence, to name just a few.

Staff who refer fraud suspicions will receive an acknowledgement of the referral and an indication of whether the case will be investigated. If it is not investigated, they will be given reasons for this. If it is investigated, staff will be given a brief report on the outcome at the end of the investigation, which may be some time after the referral has been made.

The amount of detail included in the report will depend on the nature of the case, the member of staff's role within the Council and any duties of confidentiality that have to be considered.

Preventative and deterrence measures in place to reduce the risk of social housing fraud

Fraud Awareness

Waltham Forest Council and Waltham Forest Housing, and the RSL's make staff aware of fraud in a number of ways, including but not limited to the following:

- Specific training as and when required;
- On line training modules;
- Newsletters;
- Articles in magazines etc.;
- Publicising successful prosecutions and other sanctions.

Guidance for Prosecutions and Other Sanctions

Waltham Forest Council has a prosecution policy which explains how it will impose sanctions against persons found guilty of fraud and corruption. The policy is publicised on the Council's intranet and internet pages and is applied when considering the possible sanctions for social housing fraud that could be applied where the Council is not the property owner.

Hotline

The Council operates a dedicated hotline on which members of the public, staff from housing management and the Council as well as RSLs can report any potential social housing fraud. The Council and Waltham Forest Homes publish the existence of the dedicated hotline in publicity material, press releases and on their internet pages.

Investigation Team

The Council employs fully trained fraud investigators to review and investigate social housing fraud referrals. The investigators are trained to a professional standard and most will have achieved, as a minimum, a recognised accreditation in counter fraud or equivalent.

The Anti-Fraud Team works to agreed written procedures and where required, uses appropriate powers available to obtain relevant information from financial institutions, utility companies and telecommunications companies to gather evidence.

Joint Working

The Council encourages joint investigations with relevant organisations wherever a fraud crosses over two organisational areas of responsibility. In particular, the Council carries out joint investigations with Waltham Forest Housing, RSLs, the police, and other Local Authorities. Joint working enables the Council to make the courts aware of the full extent of a perpetrator's fraud when hearing cases and therefore to deliver an appropriate sanction.

Data Matching

The Council participates in the pro-active matching of a wide range of data sets, including housing rents and housing applications, right to buy data and the Council's waiting list data, matched with data from other public sector organisations to assist in the prevention and detection of fraud and error. All identified matches of data (i.e. anomalies) that arise from these exercises are reviewed and, where appropriate, investigated.

Service Level Agreements

Internal Audit and Anti-Fraud has service level agreements with housing management, planning enforcement and a memorandum of understandings with a number of RSLs operating within the borough, as well as the Council's Legal Services.