

***Tendring***  
***District Council***



## **Anti-Fraud and Corruption Strategy**

**Updated *April 2021***

The basic elements of this Strategy deal with:-

- Purpose, Commitment and Procedure
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment
- Roles and Responsibilities
- Prevention
- Detection and Investigation;
- Resources Invested in Counter Fraud and Corruption
- Summary

These elements are covered in detail in the remainder of this document and end with a summary statement.

When combined, these elements are intended to provide resilience against any attempted fraud and corruption activity.

### **Purpose, Commitment and Procedures**

Tendring District Council is committed to :-

- take all necessary action to prevent fraud and corruption;
- make facilities available to aid detection of fraud and corruption;
- ensure prompt investigation and action.

The Council has adopted CIPFA's code of practice on managing the risk of fraud and corruption. (Audit Committee 22 March 2018), which this Strategy encompasses, including setting out the overall framework within which the Council will respond to fraud and corruption.

Therefore these commitments will be demonstrated through the Council's operation of an effective Anti-Fraud and Corruption strategy. This Strategy will be subject to an annual review which will be presented to the Council's Management Team and Audit Committee.

By adopting this strategy and via its annual review of the policy, the Council's Management Team:

- Acknowledges the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users;
- Acknowledges the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.

By adopting this strategy and via its annual review of the policy, the Council's Audit Committee:

- Acknowledges its responsibility for ensuring the effective management of fraud and corruption risks.
- Acknowledges the specific goal of ensuring and maintaining the Council's resilience to fraud and corruption

The Council expects Members and employees to set appropriate high standards through compliance with legal requirements, procedures, code of conduct and general good practice.

The Council will expect all suppliers, contractors and other service providers (whether individuals or organisations) with which it deals to act at all times with integrity and financial probity. To support this, the Council has Financial Procedure Rules, Procurement Procedure Rules plus a Procurement Strategy.

### Legislation and General Governance

All relevant officers are expected to comply with appropriate legislation, codes of practice and corporate policies when executing duties in relation to fraud.

It is imperative that the following codes, legislation and policies are adhered to as part of all anti-fraud related activities undertaken within the Council:

- Human Rights Act 2000
- Local Government Finance Act 1992/*Local Government Finance Act 2012*
- The Council Tax Reduction Scheme (Detection of Fraud and Enforcement)(England) Regulations 2013
- Welfare Reform Act 2012
- Police and Criminal Evidence Act 1984
- Criminal Procedure and Investigations Act 1996
- Regulation of Investigatory Powers Act 2000
- Council's Health and Safety Policy
- Equality Act 2010
- General Data Protection Regulations (GDPR) 2018
- Bribery Act 2010

This is not an exhaustive list and therefore all officers should act in accordance with any appropriate legislation, corporate/departmental policies and codes of practice that are relevant to the anti-fraud activity being undertaken.

## Definitions

### Fraud

The term “Fraud” is commonly used to describe a wide range of dishonest behaviour such as deception, forgery, false presentation, theft, embezzlement, bribery and concealment of a material fact.

Fraud can be perpetrated by persons outside of the Authority as well as internally. Tendring District Council defines fraud as a dishonest action designed to facilitate gain or loss (personal or for another) at the expensive of the Council and its residents.

### Corruption

Corruption is defined as “dishonest or fraudulent conduct by those in power” this is typically seen to involve bribery.

The Council looks to prevent, detect and investigate all aspects of possible corruption within its business.

### Risk

The term “risk”, in the context of this Strategy, is identified as an action or inaction that could cause financial or reputation risk to the council.

The council promotes a positive ethos towards the identification of risk management across the council supported by the council’s internal audit team.

## Standards Expectations and Commitment

Tendring District Council expects its officers and councillors to commit and abide by the 7 principles of public life, these apply to anyone who works as a public office holder.

Although these principles are set out within the Council’s Constitution, they are included within this strategy for completeness.

### Selflessness

Holders of public office should act solely in terms of the public interest.

### Integrity

Holders of the public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### Accountability

Holders of the public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of the public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

Honesty

Holders of the public office should be truthful.

Leadership

Holders of the public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

**Roles and Responsibilities**Councillors and Elected Members

The roles and responsibilities are clearly defined for councillors in part six of the Council's Constitution entitled Members Code of Conduct. Members are expected to lead by example at all times maintaining the highest standards of probity, honesty and integrity and accountability in their actions. Adherence to Members code of conduct is overseen by the standards committee.

Employees

The expectation for employee's behaviour is set within the Council's Staff handbook and within other associated policies'. The Council supports the official Code of Conduct for Local Government Employees.

The policy states that - The public is entitled to demand of a Local Government employee of any grade the highest standard of integrity, ability and commitment to the ethics of public service and the interest of all members of the community.

Council employees are seen to be the first line of defence against fraud and corruption. Employees are expected to conduct themselves in ways which are beyond reproach, above suspicion and be fully accountable.

Managers must be prepared to establish and maintain systems of internal control, ensuring that the Council's resources are properly applied and focused in the right areas for which they were intended. Advice may be sought from Internal Audit on potential control issues.

If an employee believes that they need to raise a concern and are unable to do so with their manager they should use an alternative route to raise their concerns, it is suggested that they contact one of the following in the first instance:-

Chief Executive  
Head of Department  
*Internal Audit Manager*

Monitoring Officer  
Section 151 Officer  
*Assistant Director of Partnerships*

The *Internal Audit Manager* would normally be the first point of contact in accordance with Financial Procedure Rules. In certain circumstances, however it might be appropriate for the Police to be advised at the same time as Internal Audit and the Monitoring Officer is advised.

Matters can also be raised through *Public Concern at Work* (Website [www.pcaw.org.uk](http://www.pcaw.org.uk)). This is a registered charity whose services are free and strictly confidential. They can also be contacted on 020 7404 6609.

The Council has Procurement Procedure Rules, and Financial Procedure Rules to ensure that all employees who deal with financial matters do so in a controlled, proper and transparent way that accords with best practice. These documents are reviewed periodically to ensure they remain up to date.

The Council uses systems and procedures that incorporate internal controls. These controls include separation of duties, independent checks and authorisation restrictions to ensure that errors as well as impropriety are prevented. Financial Regulations require that all Heads of Department maintain systems and controls to a standard acceptable to the Chief Finance Officer.

Employees identified as having committed fraud against the Council will be subject to disciplinary action, civil action or criminal prosecution (or all of the afore mentioned) where deemed appropriate.

Employees are responsible for their own conduct and behaviour and are expected to assist and comply with an investigation. Failure to do so may be considered a breach of trust.

#### Internal Audit

The Council's internal audit team operate in accordance with the Public Sector Internal Audit Standards under section 4 of the Local Government and Housing Act 1989. Internal audit undertakes an annual programme of work, which is reported to the Audit Committee on a quarterly basis. Whilst it is not the primary function of the internal audit team to detect fraud, the internal audit actively must evaluate the potential for the occurrence of fraud and how the organisation manages the risk of fraud.

#### External Audit

External audit review the Council's effectiveness at identifying the risk of fraud within the organisation and preventing and detecting fraud within the organisation.

#### Corporate Fraud and Risk Team

The Council has established a dedicated Corporate Fraud Team who focus on providing a comprehensive anti-fraud service available to all service areas. The team will utilise all available methods to detect and investigate fraud and corruption within the Authority. This includes the use of data matching and intelligence led investigations where possible. The Fraud and Risk Manager is responsible for assessing the authority's counter fraud arrangements in consultation with the *Assistant Director of Finance and IT* and *Assistant Director of Partnerships*

#### Public Sector Partners

The Council will continue to work with other authorities to provide positive data matching results and ensure fraud and error is identified and corrected at the earliest opportunity

#### National Fraud Initiative (NFI)

The Cabinet Office took over responsibility for the NFI data matching process from the Audit Commission in 2015. This is an independent public body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high quality local and national services for the public. The NFI looks into a broad range of fraud risks faced by the public sector. The NFI has been embedded in the statutory external audit

process for audited and inspected bodies since 1998 and is currently run every two years. Additional data matches/exercises are available if required.

The National Fraud Initiative compares different sets of data such as payroll and benefit records, against other records held by the same, or another organisation, identifying errors in data recorded and potentially highlighting potentially fraudulent claims and payments. Any potential discrepancies identified have a full investigation carried out if felt appropriate.

The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation.

The Fraud and Risk Manager is the Council's key contact and ensures that any NFI activity within the Council has the required action taken.

#### The National Anti-Fraud Network (NAFN)

Through NAFN the Council acquires data legally from a wide range of information providers in response to allegations of fraud and on-going investigations. NAFN will play a key role in ensuring the Council has effective lines of enquiry to ensure the Council maintains a robust intelligence gathering framework. The council's privacy notices advise customers how we will share their data.

#### Contractors

The Council expects all contractors it has dealings with to act with complete honesty and integrity in all dealings with the Council, its service users and residents. The Council expects the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. We will seek the strongest available sanctions against contractors that commit fraud against the Council or who commit fraud against public funds. This expectation should be clearly stated in any contract.

#### Helpline for Employees

Whistle-blowers are protected by the Public Interest Disclosure Act 1998. All calls from employees are therefore treated confidentially. The Council has a whistleblowing policy and has a helpline for employees to bring attention to anything happening in the workplace that might be illegal, improper or unethical. The Council encourages employees to use the helpline to disclose any concerns in order that they can be dealt with. Any allegations will be fully investigated and, if substantiated, appropriate action will be taken in accordance with this policy. The council also has its own fraud hotline which can be used by staff and members of the public. [fraud@tendingdc.gov.uk](mailto:fraud@tendingdc.gov.uk)

#### Audit Committee

The remit of the Council's Audit Committee is set out in associated terms of Reference within the Council's Constitution and includes requirements to consider and monitor this strategy. They are also required to review the Council's risk management arrangements and seek assurances that action is being taken. They must also consider risk related issues and consider and monitor the strategy, plan and performance of the Council's Internal Audit Service. In addition the Committee is required to consider the strategy and plans of the Council's External Auditor.

### Risk Register

The Council has a corporate risk register in order to identify, record, review and revise and manage key business risks. All risks have been evaluated and prioritised. The Council will ensure that fraud risks are routinely considered as part of its risk management arrangements.

### The Risks of Fraud and Corruption

The Council acknowledges that there are many risks from fraud and corruption but has identified the following significant items:

- Reduced income from Council Tax/ Local Council Tax Support Scheme/*Business Rates*
- Reduced availability of social housing in respect of tenancy related matters
- Reduced income from business rates
- Misappropriation / misuse of grant income
- Uncompetitive pricing / reduced value for money from procurement activities
- Procurement
- Cyber Security Fraud

The Council will evaluate on an on-going basis the harm to its aims and objectives and service users that different fraud risks can cause. *This approach will apply to 'business as usual' activities of the Council but also specifically during times of prolonged periods of national or local emergencies such as COVID 19.*

Upon accepting office, following election, Members are required to comply with members' code of conduct which includes expected behaviours and declaration of interests. Interests are also expected to be declared during their time in office, should a change occur.

### **Prevention**

One major preventative measure against fraud and corruption is to take appropriate steps when employing new staff to establish, as far as is possible, their previous history in terms of their propriety, integrity and honesty.

The Council makes all appropriate enquiries in respect of all staff regardless of whether they are permanent, temporary or on fixed-term contracts.

All employees are bound by the Local Government Code of Conduct and local code of conduct as set out in the Staff Handbook (various paragraphs) and other relevant policies and are subject without exclusion to the Council's Disciplinary Procedures. Employees must disclose any pecuniary interest in contracts or similar matters and must on no account accept any fees or rewards in respect of their employment by the Council other than their proper remuneration. Other matters such as secondary employment or the receipt of gifts and hospitality (in accordance with the Code of Conduct) must be properly registered.

Section 151 of the Local Government Act 1972 places a statutory responsibility on the Chief Finance Officer to ensure that proper arrangements are made for the administration



of the Council's financial affairs. The Council has adopted Procurement Procedure Rules, as well as using the councils Standard Financial Terms and Conditions to ensure proper contact management is carried out as well as complying with Financial Procedure Rules to ensure that all employees who deal with financial matters do so in a controlled, proper and transparent way that accords with best practice. These documents are reviewed periodically to ensure they remain up to date.

The Council uses systems and procedures that incorporate internal controls. These controls include separation of duties, independent checks and authorisation restrictions to ensure that errors as well as impropriety are prevented. Financial Regulations require that all Heads of Department maintain systems and controls to a standard acceptable to the Chief Finance Officer.

Risk assessments, covering fraud and other issues affecting the whole range of Council activities, is undertaken by Internal Audit who then carry out independent reviews to monitor the adequacy and effectiveness of internal controls and governance arrangements ensuring that there is appropriate departmental compliance.

It is evident, nationally, that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. It is therefore becoming increasingly necessary to liaise with those other agencies, exchanging information, where possible and appropriate, to help prevent and detect such fraud. The Council is committed to ensuring that arrangements exist, and they are developed, to encourage the exchange of information with other agencies including:-

- other local authorities;
- government departments;
- police forces;
- The Cabinet Office including NFI - Data matching exercises;
- the National Anti-Fraud Network [NAFN];
- Essex Audit Group [EAG];
- Eastern Region Corporate Fraud (ERCF)
- Housing Benefit Matching Service [HBMS] run by the DWP

*During prolonged periods of national or local emergency there are unfortunately many individuals and organisations who seek to take advantage of public bodies such as Local Authorities whilst they are responding to associated challenges and pressures. For a local authority, who provide a diverse range of services, attempted fraud can cover the large range of activities highlighted in the previous section but during national or local emergency situations they can become more targeted and sustained.*

*During these periods it is important for the Council to maintain its key prevention checks and controls and not be pressurised into acting outside of these important aspects of internal governance. Any individual should speak to their manager or one of the contacts*

*set out in this report if they feel that something being done would potentially increase the Council's exposure to the risk of fraud or corruption.*

*In addition to the above, the Council will identify, keep under review and disseminate as appropriate, guidance from all relevant bodies such as Government Departments, CIPFA, NAO, NFI as early as possible during a time of national emergency.*

## **Detection and Investigation**

Preventative systems, particularly internal controls within the Council have been designed to provide indications of fraudulent activity, and equally importantly, to deter potential fraudsters.

The responsibility to prevent and detect fraud and corruption lies with Management Team, Heads of Department, managers and all other employees of the Council as well as members of the public. Alert employees or members of the public are frequently the first to spot indications of fraud and corruption and prompt action by them enables effective detection to occur and appropriate action to be taken. The Council has a dedicated fraud hotline and email for all fraud related matters which could affect the Council and an on line reporting form. Details are [fraud.hotline@tendringdc.gov.uk](mailto:fraud.hotline@tendringdc.gov.uk) Tel 0800 169 7004

A significant proportion of fraud is discovered by chance or as a result of a "tip-off". Advice on this issue for employees and their managers can be obtained from the *Assistant Director of Finance and IT*.

Financial Procedure Rules require all Heads of Department to report all suspected fraud or similar irregularity to the *Internal Audit Manager*. Correct reporting is essential to the Council's anti-fraud strategy to ensure:-

- consistent treatment of fraud and corruption;
- proper investigation by an independent unit (Internal Audit / Fraud and Risk Manager);
- prompt implementation of appropriate investigative activity;
- optimum protection of the Council's interests.

Under associated legislation, Tendring is required to participate in National Fraud Initiatives [NFI] run by the Cabinet Office. Data will be provided by the Council and will be used for cross-system and cross-authority electronic data matching for the prevention and detection of fraud. Similar data exchanges are also required for housing benefit matching exercises run by the DWP.

The nature and extent of the allegations will determine the level and type of investigation that is undertaken. Internal Audit will work with management and other relevant agencies to ensure that allegations are properly, fairly and thoroughly investigated and subsequently reported upon. Where appropriate, maximum recoveries of any losses will be made by the Council.

Where the outcome of an investigation indicates misconduct on the part of an employee, the official disciplinary procedure will be invoked. In proven cases of misconduct this may lead to the dismissal of an employee and if appropriate the involvement of the Police.

If appropriate to do so, the Council may consider sanctions against customers, including prosecution, where it has been identified that fraud has been committed against the Council.

Any decision to prosecute can only be made where the relevant Head of Service has consulted with the Council's Legal Services Department.

### Council tax

As detailed earlier council tax is deemed to be a high risk area and there are a number of regulations relevant to this such as :-

Regulation 3 of the Council Tax (administration and enforcement) Regulations 1992 allows the Local Authority to request information. This is required for them to ensure that Council Tax is being correctly calculated.

Regulation 11 of the Council Tax (administration and enforcement) Regulations 1992 requires a liable person to advise a Local Authority if an exemption is incorrect.

Regulation 12 of the Council Tax (administration and enforcement) Regulations 1992 allows the Local Authority to request information. This is required for them to ensure that an exemption is being correctly calculated

The council may consider the need to impose a financial penalty of £70. The penalty can be imposed for

- failing to notify a change in circumstances
- providing false information

If a further request has to be made for the information already requested then a second, higher, penalty (currently £280.00) may be issued. This higher penalty can be applied each time the request is repeated.

*The Assistant Director of Finance and IT will review the requirement to issue financial penalties on an ongoing bases.*

### National Non Domestic Rates (NNDR)/Business Rates

*The Local Government Finance Act 1988 introduced business rates in England and Wales from 1990.*

*On 1 April 2013 a new system of business rates retention began in England. Before April 2013 all business rate income collected by councils formed a single, national pot, which was then distributed by government in the form of formula grant. Through the Local Government Finance Act 2012, and regulations that followed, the government gave local authorities the power to keep up to half of business rate income and transfer half of it centrally, to central government.*

*As previously mentioned, during periods of national emergency, guidance is expected to be issued by relevant bodies given the increased risk of fraud and corruption during such times. The Council will need to consider and put in place as soon possible the necessary*

*arrangements that may be set out within the associated guidance. This will include record keeping, reporting and anti-fraud / assurance work.*

### **Publication of Anti- Fraud and Corruption Activities of the Council**

The Council will at least annually report on the anti-fraud and corruption work that it has undertaken during the year along with publicising this Strategy.

This aims to set out the Council's intentions in terms of any identified fraud and corruption committed against it, along with acting as a deterrent to those considering such actions against the Council.

The Council's processes aim to be resilient to the threats of fraud and corruption and are designed to deter and detect such actions if committed against the Council.

### **Resources Invested in Counter Fraud and Corruption**

Given the Council's commitment to counter fraud and corruption as set out within this Strategy the following resources are deployed which are proportionate to the level of assessed risk:

#### ***Dedicated Fraud Team***

As highlighted earlier in this Strategy, the Council has established a dedicated team whose focus is to provide a comprehensive anti-fraud service within the Council, who are also available to provide support to all departments. The Council has committed an on-going annual revenue budget in excess of £170k to support the work of this dedicated team.

#### ***Training***

The Council recognises the importance of training and the response of employees throughout the Council in ensuring that its fraud and corruption strategy remains a continuing success.

In this respect the Council encourages training and regular development for all employees.

Effective investigation of fraud and corruption requires staff that are properly trained and regularly updated in all aspects of investigative work. Provision will be made for this and the training of Internal Audit staff will be geared towards achievement of that objective. Fraud Investigation Staff are now required to be professionally trained in all aspects of Corporate Fraud. General staff training will also incorporate appropriate references to the need for staff to be alert and vigilant in their day to day activities.

#### ***Internal Audit Days***

The Internal Audit team include within their annual plan, fraud related work such as the assessment of fraud prevention controls and therefore in effect, a number of audit days are included within their overall annual work programme.

*During periods of prolonged national or local emergency, additional resources may need to be identified to respond to an increase in fraud risks, to deliver key actions set out in associated guidance or as part of the Council's wider emergency planning / business continuity response. Such arrangements will need to be considered by a Senior Officer at Assistant Director level or above and will need to balance the direct response to the emergency with the maintenance and operation of existing controls and governance arrangements to ensure the Council is not unreasonably exposed to increased risks.*

### **Summary**

A sophisticated network of systems and procedures is in place to assist with the prevention and detection of fraud and corruption. The Council is determined that these arrangements will be kept up to date, with regard to future developments in preventative and detection techniques, to limit fraudulent or corrupt activity that it may suffer. *The strategy also acknowledges and addresses the potential increase in fraud risks during prolonged periods of national or local emergencies.*

To help achieve this objective the Council maintains a continuous review of all associated arrangements through its Management Team, Procurement and Financial Procedure Rules, Officer and Member Codes of Conduct and internal and external audit arrangements.

Financial Procedure Rules require all Heads of Department to keep their departmental procedures under continuous review, reporting any newly identified risks referring proposed changes in procedures to the Section 151 Officer.

This strategy and its effectiveness will be monitored by Internal Audit, as part of their ongoing activities and any issues that arise will be reported to the Council's Section 151 Officer, Management and the Audit Committee as appropriate.

Performance against this Strategy and its effectiveness will be included as part of the annual review process which will be reported to Management Team and the Audit Committee accordingly.

In addition, where actions have been identified to contribute to the performance and effectiveness of this Strategy, these will be included as an Appendix and included as part of the annual review process. Appendix A sets out the current actions identified as part of developing this Strategy.

### **References**

Whistleblowing Policy - <http://intranet/Interact/Pages/Content/Document.aspx?id=2148>  
 Officer Code of Conduct - <http://intranet/Interact/Pages/Content/Document.aspx?id=7977>  
 Staff Handbook - <http://intranet/Interact/Pages/Content/Document.aspx?id=2162>  
 Constitution Members Code of Conduct - <http://intranet/interact/Pages/Content/Document.aspx?id=3155>

## Anti-Fraud and Corruption Strategy Action Plan – 2021/2022

Action	Responsible Officer	Update
<p>Review the consideration of fraud risks as part of the Council's general risk management arrangements.</p> <p>Explore the establishment of a separate Fraud and Corruption risk register for inclusion in future revisions to the Fraud and Corruption Strategy.</p>	<p>Fraud and Risk Manager</p>	<p><i>This work will continue to be undertaken in consultation with internal audit during 2021/2022 following a delay due to additional fraud risks identified due to Coronavirus during 2020/2021.</i></p>
<p>Evaluate the harm that different fraud risks can cause in the context of Council objectives and service users.</p>	<p>Fraud and Risk Manager</p>	
<p>Review the Council's Procurement Rules to ensure that the anti-fraud and corruption requirements placed upon contractors and those providing services to the Council are robust enough</p>	<p>Fraud and Risk Manager</p>	<p><i>This was unfortunately delayed due to resources being used in other duties related to the Coronavirus during 2020/2021 but will be given priority in 2021/2022.</i></p>
<p>General anti-fraud and corruption training to be provided to officers along with raising awareness of the Strategy within the Council and the commitments and expectations contained within it.</p>	<p>Fraud and Risk Manager</p>	<p><i>All Fraud Awareness training planned for 2020/2021 was unfortunately postponed as not thought appropriate while dealing with Coronavirus as the majority of staff were working from home or re-deployed to other roles. Plans have already been made to roll this out virtually after August 2021 and this will be finished by December 2021.</i></p>

## A.2 APPENDIX A