

London Borough of Islington

Anti - Fraud Strategy



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Anti-Fraud Strategy:

Foreword by XXXXXXXXX

Islington Council's stated aim is to make Islington fairer: to create a place where everyone, whatever their background, has the same opportunity to reach their potential and enjoy a good quality of life.

Members and officers of Islington Council, as well as individuals and organisations who deal with the Council are expected to treat those we deal with in a fair and honest way. We are committed to the prevention and detection of fraud and corruption and we seek to engender a culture of zero tolerance.

We believe that the overwhelming majority of the council's employees, councillors, customers, contractors and suppliers are honest and have no thought to defraud the Council. However, we recognise that a small minority will attempt to do just that. Any money lost in this way is money that we cannot spend delivering the critical public services we provide to the citizens of Islington. Fraudsters not only cheat local taxpayers, but they deprive local people of the services they depend upon.

We are determined to keep up a strong guard against it through the approach set out in this document. We all have a part to play in stamping out fraud. As we deliver our services, we must recognise the importance of the controls set out in this document to protect us from fraud. We must all remain vigilant and recognise the many forms that fraud and corruption may take. We must have the conviction and confidence to raise any concerns we come across. And we must act professionally to investigate those concerns promptly and to take tough action against proven fraudsters.

This document sets out a comprehensive approach to ensuring that fraud is reduced to an absolute minimum. Its success will depend on our co-operation to send out the robust message to potential fraudsters that they will be rooted out and dealt with.

Signature

1. Introduction: Strategy: Aims and Objectives

The aims and objectives of the policy are to prevent, deter and detect fraud, corruption and other irregularity and its intentions where it is suspected and/or committed. In addition, the aim of this Strategy to clearly communicate the Council's stance on fraud both internally and externally and to generally strengthen the Council's anti – fraud culture.

The Anti – Fraud Strategy links into the National Fraud Strategy, “**Fighting Fraud Locally.**” This provides a strategic approach for Local Authorities to tackle fraud, by **Acknowledging** and understanding the fraud risks. **Preventing** and detecting more fraud and **Pursuing** those who commit fraud against the Council, by prosecuting and prioritising fraud recovery.

The Council is committed to the highest ethical standards and requires Members, Chief Officers and all other staff, including those of contractors to make them aware of and comply with the *seven principles of public life* as defined in the Nolan Report. These principles are: **SELFLESSNESS, INTEGRITY, OBJECTIVITY, ACCOUNTABILITY, OPENNESS, HONESTY and LEADERSHIP.**

The London Borough of Islington is committed to fighting fraud with high ethical and moral standards, and recognises that any fraud perpetrated against the Council is costly, both in financial terms and reputation. The London Borough of Islington is committed to a programme of creating a culture of zero tolerance.

The anti-fraud strategy applies to all Members and employees of the London Borough of Islington and has the full support of the elected Members, Directors, Chief Officers and Trade Unions representing Council employees.

The London Borough of Islington will not tolerate fraud or corruption by its suppliers, contractors, staff, agency workers, service users or any other parties with a business relationship with the Council.

2. Definitions: Fraud and Corruption

Fraud: Fraud encompasses an array of irregularities and illegal acts characterised by intentional deception with intent to make a gain or to cause a loss, or to expose another to a risk of loss. There are a number of Acts which can to be considered

under this broad heading. However, the best definitions are encompassed in the Fraud Act 2006.

The Fraud Act 2006 provides for a general offence of fraud and three ways of committing it:

- By false representation
- By failing to disclose information; and
- By abuse of position

Corruption: Corruption is the abuse of entrusted power for personal gain

3. Our Written Rules

We have a number of procedures and rules to make sure that our financial and organisational procedures are efficient, effective and economic. These are an important part of our internal control environment and are the building blocks to create an effective Counter Fraud Framework. It is important that all Members and staff know about them.

Standards and Guidance:

Council Constitution

Risk Assessment/Management:

Employee Code of Conduct:

Council Disciplinary Procedures:

Confidential Whistleblowing procedures:

Information Governance and Data Security:

Money Laundering Procedures

Bribery Act Policy.

Regulation of Investigatory Powers Act Policy

4. Schools

All schools must have a strong system of controls and procedures to safeguard themselves against fraudulent or inappropriate use of public money and assets. The governing body, head teacher, business manager and other staff with financial responsibilities must be aware of Islington Council's Anti – Fraud Strategy. The Head Teacher and governing body will inform all staff of school policies and procedures related to fraud, theft, the controls in place to prevent them; and the consequences of

breaching these controls. This information must also be included in induction for new school staff and governors. Members of each Governing Body will apply the standard for schools and give their full support to all systems and controls in place to assure probity.

School specific documents in addition to those set out in this strategy are:

Scheme for Financing Schools

LBI Model School Financial Regulations

Schools Financial Value Standard self evaluation questionnaire and DFE supporting documentation.

5. Expected Behaviour

We expect all people and organisations that are in any way associated with us to be honest and fair in their dealings with us and our clients and customers. We expect our Members and employees to lead by example in these matters. Our Code of Conduct sets out an approach to work that is both honest and fair. Employees must act in line with the code at all times.

Our employees have an important part to play in combating fraud and corruption and a responsibility to provide information if they suspect a case of fraud (**Code of Conduct 17.1**).

We will deal with all referrals fairly and confidentially and we encourage our staff to report through the provision of a safe reporting line; as far as possible we will not reveal the names of the people who reported the matter to us. However, confidentiality cannot be guaranteed, e.g. if an investigation leads to a prosecution and the person who reported the matter may be required to give evidence in court.

We expect our managers to deal firmly, consistently and quickly with anyone (including 3rd parties) who they are aware of, or suspect is responsible for fraud or corruption. We will refer matters to the Police if we suspect any criminal activity has taken place in accordance with the **Corporate Prosecution Policy**.

6. Preventing and Managing the Risk of Fraud and Corruption

We believe that if we are to beat fraud and corruption, we must prevent it from happening in the first place. It is essential that we have clear rules and procedures, within which Members, employees, consultants and contractors can

work. These include the main corporate rules, which are set out in Section 3 above.

The Council will regularly review and update our written rules.

Managers must make sure that suitable levels of internal checking are included in working procedures, particularly financial procedures. It is important that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system.

Managers must include and consider fraud risk on their departmental risk registers in accordance with Islington's **Risk Assessment/Management Policy**. Further information on Risk Management can be found in **"Islington's Approach to Risk and Opportunity Management"**

The Human Resources Recruitment Team and Service Managers are responsible for ensuring that pre-employment checks appropriate to the nature of the post are carried out. These may include checks on: identity, qualifications, previous employment and permission to work in the UK, credit status and DBS. This applies to both permanent and temporary staff. Where false references are provided or identity fraud is found, then the job offer will be rejected. In the case of permanent or temporary staff, an investigation will be carried out and in some cases, will be subject to arrest by the relevant authorities.

Managers are responsible for ensuring adequate and proportionate Customer Due Diligence checks and anti-bribery measures are followed in any pre- and post-engagement with suppliers and/or contractors of any value. This will include declaring any Conflicts of Interest between supplier and officer. Failure to do this will result in disciplinary action as gross misconduct. Where fraud is identified, then both the employee and the supplier or contractor will be subject to investigation and possible prosecution. All procurement must be in accordance with the Procurement Rules and Contract Regulations

We will make sure that all work undertaken by contractors is necessary and carried out to the specifications in the contract, ensuring effective contract management. If fraud is suspected on the part of the officer or the contractor, then a Criminal Investigation will take place.

7. Internal and External Data Sharing – Directed Anti-Fraud

It is essential to implement measures to prevent and detect occurrences of fraud within systems. As such, managers are responsible for managing the risk of fraud and implementing these measures. The Councils Information Sharing Agreements offer guidance on the legal requirements and permissible exchange of data within the Council and externally with other organisations and individuals.

8. Whistle Blowing

Under Islington's Employee Code of Conduct and the Whistleblowing Policy and Procedure employees **must** report any suspected cases of fraud, financial irregularity or bribery and corruption to the appropriate manager, or, if necessary, directly to the Head of Internal Audit. Reporting cases in this way is essential to the success of the Anti-Fraud and Corruption Strategy. Details of how to report fraud are contained within the ***(Fraud Response Plan – Need this)***

The guidance for officers/Members is set out in the Islington Council's Whistleblowing Policy. This is important in the context of fraud prevention and detection and the following paragraphs set out officers' and Members' responsibilities, when a Whistleblower comes forward.

Islington Council encourages both members and officers to report their concerns when the interests of others or the organisation are at risk. The Whistle-blowing Policy and guidelines have been developed so that Members and staff know how to raise a concern in the right way at an early stage and are assured that concerns raised will be dealt with properly and appropriately.

Islington Council will not tolerate the victimisation or harassment of anyone raising a genuine concern. Employees are protected from victimisation and harassment when raising genuine concerns by the Public Interest Disclosures Act 1998. This legislation aims to ensure employees who may be worried about coming forward can do so in the knowledge that it is safe to do so.

Members and staff are advised that where their concern falls into one or more of the following areas they should come forward:

- A criminal act;

- A failure to comply with any legal obligation;
- Danger to health and safety;
- Breaking the Law;
- Any damage to the Environment;
- Breach of the Code of Governance;
- An attempt to cover up any of these.

9. Anti-Fraud and Corruption Training and Awareness

Islington Council places a high emphasis on ensuring that the Anti-Fraud and Corruption Policy and Strategy are well publicised and that all those who have obligations under the policy and strategy understand this ensuring that all staff are properly trained to fulfil their responsibilities. It recognises that the continuing success of its Anti-Fraud & Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of staff throughout the organisation.

The Council supports the concept of induction training for all new staff. Formal induction training sessions will incorporate appropriate elements relating to the Council's Anti- Fraud & Corruption Strategy and will be arranged by Corporate Learning and Workforce Development which will ensure that it forms part of every new employee's induction. A checklist will be produced for individual service areas for managers to work through with staff.

Relevant fraud awareness training will be provided on an ongoing basis in particular for officers involved with internal control systems, with an assessment function or in areas where there is an application process, such as Benefits, Housing, and Direct Payments.

We will devise a system to promote fraud awareness and develop a form of on line training to consolidate learning where completion rates can be monitored.

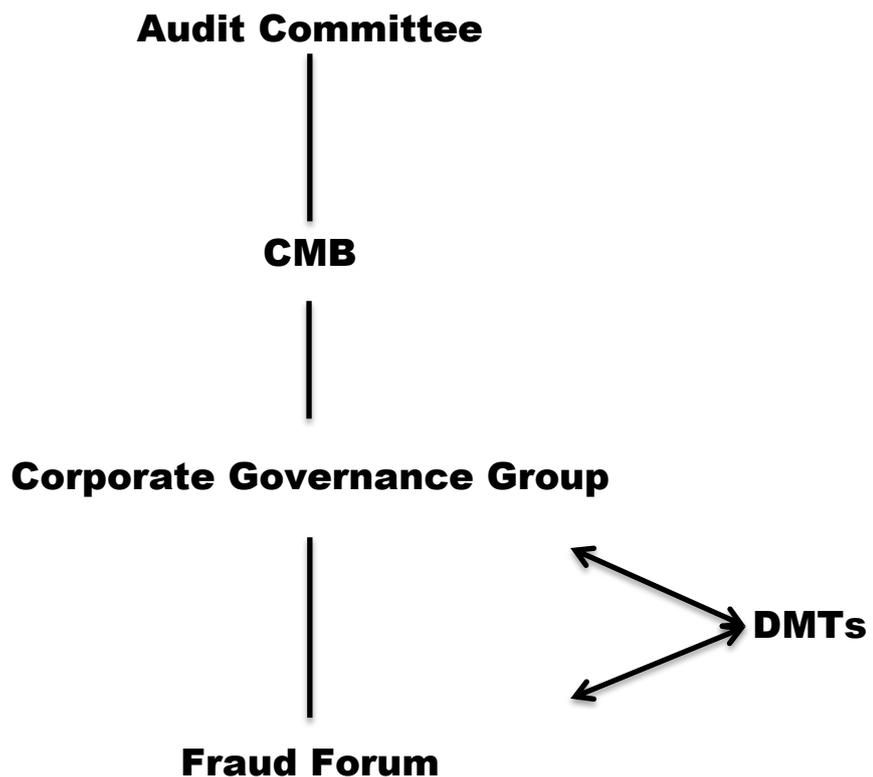
To ensure that anti – fraud work is prioritised, Departmental Management Teams will:

- Assess the exposure to fraud risks in Departmental activities on a 6 monthly basis
- Consider any new or increased exposures to fraud & corruption in current activities
- Escalate serious concerns as appropriate
- Ensure that the action taken to address fraud & corruption risks in Directorate activities is adequate and effective (whether aimed at prevention, deterrence or detection)

- Cascade through to individual Service area Management Teams for dissemination to staff.

We are also committed to training our staff who are involved in investigating fraud and corruption and to promote the development of professionalism within the Fraud Investigative Services of The Council. As the Fraud Services are working closer together, we will support a training programme which will raise standards and knowledge. We will do this by accredited fraud training and through Continuous Professional Development. (CPD)

**Appendix 1:
Fraud Prevention Governance**



Appendix 2: Other Related Legislation

- a. Money Laundering Procedures (Appendix 4 Legal Service Office Manuals)

Money Laundering is an act falling within the Proceeds of Crime Act 2002 (POCA). Money laundering is also an offence under section 18 of the Terrorism Act 2000. The Administrative requirements of an anti-money laundering regime are found in the Money Laundering Regulations 2007. The term “money laundering” is used for a number of offences involving the proceeds of crime or terrorist funds. The following actions constitute money laundering:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, or from Scotland, or from Northern Ireland;
- Becoming concerned in an arrangement in which someone knowingly or suspects or facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- Acquiring, using or possessing criminal property.

The Money Laundering Reporting Officer (MLRO) for the London Borough of Islington is the Assistant Chief Executive – Governance and HR. The MLRO is responsible for:

- Making those staff most likely to be exposed to or suspicious of money laundering situations aware of the requirements and obligations placed on the Council, and on them as individuals, by the Proceeds of Crime Act 2002 and the Terrorism Act 2000;
- Arranging targeted training for those considered to be most likely to encounter money laundering;
- Making arrangements to receive and manage the concerns of staff (and contractors) about money laundering and their suspicion of it, to make internal enquiries, and to make reports, where necessary to the National Crime Intelligence Service (NCIS);

b. Regulation of Investigatory Powers Act 2000 (RIPA)

If surveillance is considered necessary during the course of an investigation this must be conducted in line with the Regulation of Investigatory Powers Act 2000 (RIPA) and the **Council's corporate RIPA policy** which is available at on the intranet. Failure to follow this policy could have severe consequences for the Council and only officers trained in this specialist area of investigations should carry out this role. The Corporate Director of Finance and Resources is the Senior Responsible Officer (SRO) under the Act, responsible for maintaining the Council's corporate system regarding RIPA authorisations.

c. The Bribery Act 2010

The Bribery Act Includes the corporate offence of failing to prevent bribery. In addition, the Act simplifies other law on the bribery of individuals by making it a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe.