

Internal Audit

**Fraud & Corruption
Policy & Strategy**
(Incorporating Housing Benefit Fraud)
17 January 2012

The Council's commitment to the Fraud Corruption Policy

London Borough of Barking & Dagenham, "the Council" carries out its responsibilities and delivers high quality services to the local community. The immense variety of service provision places the Council at risk of loss from fraud and corruption perpetrated both internally and externally. The Council operates a zero tolerance policy to Fraud and Corruption and considers the Fraud and Corruption Policy and Strategy to be an integral part of our approach.

What are the aims and requirements of the legislation?

Where Fraud or Corruption is found to occur, in any form, it will be dealt with rigorously in a controlled manner in accordance with the principles in the Fraud and Corruption Policy and Strategy. It will be investigated fully and the Council will prosecute all offenders where appropriate including, Members, employees, contractors, agency staff, consultants, suppliers and partners.

Who is governed by this Policy?

The Fraud and Corruption Policy and Strategy applies to all staff including and not limited to temporary staff, sessional staff, consultants and contractors. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example, care homes and sheltered accommodation.

Executive Summary

The Fraud and Corruption Policy and Strategy makes clear the Council's commitment to reducing opportunities for fraud and corruption and taking the strongest possible action against those who seek to defraud the Council. There will be no distinction made in investigation and action between cases that generate financial benefits and those that do not.

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Fraud & Corruption Policy & Strategy

Fraud & Corruption Policy

The council is responsible for the proper administration of its finances. This not only includes direct income and expenditure but also monies that is administered on behalf of the Government, our clients and for which the Council is the responsible accountable body. Anyone committing fraud, both inside and outside the organisation, attack all of these sources of income and expenditure and our valuable assets.

The Council aims to set high standards of service provision and is committed to upholding the reputation of the Authority and maintaining public confidence in its integrity and expects that Members (Elected councillors) and staff at all levels will adopt the highest standards of propriety and accountability and will lead by example.

The Authority also expects that individuals and organisations that come into contact with the Authority e.g. the public, suppliers and contractors, will act with integrity and without intent or actions involving fraud and corruption.

To achieve its aims and objectives the Council will therefore take a firm stance against any individual, group or organisation committing acts constituting theft, fraud, corruption, financial irregularity or malpractice or other form of wrongdoing, whether it is attempted against, from or within the Council.

In fulfilling its responsibilities to protect the public funds it administers against fraud and corruption the Authority recognises the responsibilities placed upon it by statute and will actively promote this Fraud and Corruption Policy and Strategy which is designed to:

- Promote standards of honest and fair conduct
- Encourage prevention of fraud and corruption
- Maintain strong systems of internal control
- Promote detection
- Pursue a zero-tolerance policy and bring to justice all persons who commit acts of fraud or corruption against the Council
- Recover any losses incurred by the Council

In addition to the following, specific matters in respect of Housing Benefits Fraud are set out in Appendix 1.

The Anti Fraud Culture and Deterrence

The culture of the organisation is one of honesty, openness and opposition to fraud and corruption. Members play a key role in maintaining and promoting this culture. Specifically the Standards Committee is responsible for promoting high standards of conduct by Members, employees, its contractors and partners.

Members have a duty to ensure that Council assets are adequately safeguarded from fraud and abuse and to ensure that the Council's powers, duties and responsibilities are exercised in an open fair and proper manner to the highest standards of probity.

The Members and employees are an important element in the Council's stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with a Council activity.

Members of the public are also able to report concerns to appropriate Council officers or relevant external agencies such as the Police, External Audit, and the Local Government Ombudsman.

The Public Interest Disclosure Act 1998 provides protection for those who voice genuine and legitimate concerns through the proper channels. In this connection the Council has adopted a Whistleblowing Policy to ensure a defined route to bring alleged instances of fraudulent, unlawful or otherwise improper conduct to the Council's attention. As well as the Whistleblowing Officer, this can involve the Monitoring Officer, Fraud Teams, or the employee's line manager or Divisional Director or, if more appropriate, an officer external to the individual's department.

The underlying message is that this Council will not tolerate fraudulent and corrupt activity. A pound lost through fraud and corruption is a pound that is stolen from Barking and Dagenham residents and reduces the amount available to spend on delivering services to residents.

A proactive programme of work will be agreed and published each year, using a risk-based approach to prioritise areas inherently at risk from fraud, outcomes from which will be publicised as appropriate.

New employees will receive fraud and corruption awareness training as part of their induction programme. Fraud awareness programmes will be targeted at all staff in the form of presentations, workshops and newsletters.

Additionally, this strategy and policy will also be available to all employees, contractors and partners and link to associated policies and guidance, for example:

- Employee Code of Conduct
- Disciplinary Rules
- Whistleblowing Policy
- Bribery Policy
- Money Laundering Policy
- Fraud Prosecution Policy

Prevention – Managing the Risk of Fraud

Fraud, theft and corruption are costly in terms of financial loss and reputational risk. The risk of loss can be reduced through robust preventive measures. The Council has a number of key processes and procedures which can assist in the prevention of fraud and corruption that include:

- Internal Control systems
- Standing Orders & Financial Regulations
- Employee Code of Conduct
- Disciplinary Rules
- Members Code of Conduct

The Director of Finance & Resources has been delegated, through the Council's Standing Orders and Financial Regulations powers to control and regulate the Council's finances. These include the promotion of systems and practices to minimise the risk of fraud and corruption. An important part of the control framework is the maintenance of an effective internal and external audit of the

Council's finances that operate to the "best practice" standards defined in the Accounts and Audit Regulations (2011).

Managers

The effective eradication of fraud starts with managers. It is the responsibility of all Council managers to ensure that they manage the risk of fraud within their respective work areas. Managers are expected to be fully conversant with fraud risks (internal and external) relevant to their service areas. Some services will be predominantly at risk of attack from external sources, for example, Council tax, Housing and Renovation grants.

When considering the risk of fraud, managers must take the following steps:

Identify the risk areas

Managers must establish which parts of the service are most vulnerable to fraud e.g. letting or managing contracts, handling cash, allocating or distributing grants, ordering equipment, paying invoices, validating documentary evidence in support of claims for benefits etc. Other risks include assessing declared staff interests and considering whether such interests conflict with the Council's interests or would undermine public confidence in the Council.

Allocate responsibility for the risk

Managers must identify who has responsibility for managing each risk and ensure that the officer concerned has adequate training, support and expertise to manage the risk effectively.

Identify the need for revised controls

Managers must evaluate the adequacy of existing controls and establish what further controls or changes to existing controls are required to reduce or eliminate the risk of fraud. For this, managers should refer to audit reports, internal investigation findings, value for money review findings, External Audit reports or findings from other external inspections. This will help ensure that there is full compliance with the Regulatory Framework, Standing Orders, local procedures and any relevant legislation.

Implement the revised controls effectively

Managers must ensure that the revised controls are cost effective and that written procedures are updated informing staff and customers of any changes that affect them. Staff will need to be trained in the use of revised controls and procedures. Managers must also identify any continued weaknesses and adjust as necessary.

Evaluate the effectiveness of controls

After a reasonable period of time managers should assess the effectiveness of the controls and evaluate whether the risk of fraud has been eliminated or reduced.

For advice on managing risk, evaluating possible conflicts of interest, or the development or evaluation of controls contact the Internal Audit or Risk Management Sections.

Any system weaknesses identified as a result of Fraud Investigations will be reported to the relevant service manager as well as the Group Manager (Internal Audit & Anti Fraud) and addressed through an agreed action plan. The relevant Service Manager will be responsible for implementing the action plan. Internal Audit will have a monitoring role, addressing failures to implement

recommendations to the relevant Divisional Director in addition to reporting major system failures, remedial action plans and instances of non-compliance to the Public Accounts & Audit Select Committee.

Contractors

It is expected that the Council's contractors and partners will have adequate controls in place to minimise fraud. We will however, provide fraud awareness training to our community partners as deemed necessary to help them implement robust controls to protect the funds they administer.

Contractors and partners are also expected to have adequate recruitment procedures in place covering requirements under the Immigration and Nationality Act, Criminal Records Bureau checks and stringent vetting in relation to employment history and references. This expectation will form part of all contract terms and conditions.

Employees - Recruitment and Conduct

It is recognised the majority of staff are conscientious and hard working and whose conduct is beyond reproach. However, where it becomes evident fraud and corruption has taken place, action will be taken in accordance with the Council's Disciplinary Rules. Fraud and corruption are specific instances of gross misconduct and will therefore be treated very seriously and likely to involve criminal or civil proceedings as appropriate.

The Council recognises that a key preventative measure is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. Temporary and agency employees will be treated in the same way.

Staff recruitment is required, therefore, to be in accordance with the Council's recruitment and selection policies and, in particular, written references regarding known honesty and integrity of potential employees must wherever practicable be obtained before employment offers are made. Criminal records will be checked and disclosed prior to appointment in accordance with the Council's Safer People for Safer Services Policy

Employees of the Council are expected to follow the Employees' Code of Conduct and any other Code related to their personal Professional Body.

Employees must comply with their statutory obligations regarding pecuniary interest in Contracts relating to the Council or fees and rewards other than proper remuneration. They are also required to declare any interests which they have that may conflict with the impartial performance of their duties.

Members (Elected Councillors)

Members are expected to conduct themselves in a way that is beyond reproach, above suspicion and fully accountable by acting in a manner that sets an example to the community they represent and employees who implement their policy objectives.

Malpractice of any sort will not be tolerated and where evidence indicates malpractice has occurred, a report will be made to the relevant Body.

Members are required to operate within:

- The Council Constitution
- National Code of Conduct

- Local Code of Conduct

These matters are specifically brought to the attention of Members and include the declaration and registration of potential areas of conflict between Members' Council duties and responsibilities and any other areas of their personal or professional lives.

The Standards Committee will advise and train Members on matters relating to the Members' Code of Conduct. The Committee will monitor the operation of that Code.

Detection and Investigation

This section should be read in conjunction with the Fraud Response Plan (Appendix 2).

The array of preventative systems, particularly internal control systems within the Council, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud it is often the alertness of employees, Members and the public to indicators of fraud and corruption that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

Employees must report any suspected cases of fraud and corruption to the appropriate manager, or, if necessary, direct to the appropriate Fraud Investigation Team. The Fraud Response Plan appended to this policy provides guidance on what to do when an individual suspects fraud and corruption (other than benefit fraud) has or is taking place.

Reporting cases in this way is essential to the Fraud and Corruption Strategy and makes sure that:

- suspected cases of fraud and corruption are investigated properly
- there is a standard process for dealing with all suspected cases of fraud and corruption; and all connected persons and the Council's interests are protected

The Fraud Investigation Teams are at the forefront of the Council's fight against fraud and will examine all allegations of theft, fraud and financial malpractice, corruption and behaviour likely to adversely impact on the finances or integrity of the Council, its Members and employees. This extends to allegations against organisations funded by the Council or those with whom the council has a contract.

It is expected that the Council's partners will provide full and unrestricted access to their financial records relating to the council finances and the co-operation of their staff with any investigation. In addition, personnel records of any person suspected of involvement in fraud against the council will also be made available to the Fraud Investigation Teams.

The Council will utilise the additional powers of Police to obtain evidence or recovery of funds or where the matter cannot be pursued in-house, for example, serious organised crime and money laundering.

Referral to the Police will be undertaken in consultation with the Divisional Director (Assurance & Risk) and in accordance with the Council's Prosecution Policy. In cases involving Members, the Standards Committee would determine the issue of Police involvement.

Complaints of misconduct under the Members Code of Conduct will be dealt with in accordance with the Standards Committee's Local Assessment arrangements.

Combining with Others

We will utilise all methods available to detect fraud. Arrangements are in place to actively participate in the Audit Commission's National Fraud Initiative (NFI). We will also continue to develop and support initiatives that involve the exchange of information and systematic data matching between the Council and other agencies on national and local fraud and corruption activity in relation to Local Authorities.

These agencies include:-

- Police
- Department for Works and Pensions
- HMRC
- UK Border Agency
- Pensions Service
- JobCentre Plus
- Inland Revenue

Sanction and Redress

The strongest available sanctions will be applied to all who commit fraud against the Council, its clients or the public purse. This may include disciplinary action, prosecution and civil proceedings or a combination of all three.

This also applies to employees who defraud or steal from the Council's clients. Disciplinary action will also be taken against staff found to have committed fraud against other Local Authorities, or any other agency administering public funds.

Contractors or partner organisations will be expected to take appropriate action against the individual(s) concerned. The ability to request removal of staff will be written into contract terms.

The decision to recommend any of all of the above sanctions will be made on a case by case basis, having regard to the Disciplinary Rules and Prosecution Policy in place at the time.

Sanctions imposed in relation to cases of fraud involving Members will be imposed by the Standards Committee in accordance with powers bestowed under the Standards Committee (England) Regulations 2008.

Fraud and Corruption Strategy

To create a culture and organisational framework - through a series of comprehensive and inter-related procedures and controls - which minimises the risk and impact of fraud or corrupt acts against the Council, whether internally or externally perpetrated.

Where fraud and corruption does occur, to fully investigate all cases and, where proven, take a zero tolerance approach through appropriate use of the full range of available sanctions and penalties. The Strategy is based on the following principles of best practice:

- Culture & Deterrence
- Prevention & Risk Management
- Detection & Investigation
- Sanctions & Redress

Links to Corporate Objectives

The vision for the Borough is **building a better life for all** with the key aims of:

- Raising household incomes
- School and post-16 education
- Housing and estate renewal

The priority themes of the Council as shown in the “Policy House” are:

- Better together - We all want our borough to be a place we can be proud of
- Better homes - More people want to live in our borough
- Better health and well-being - With the Olympics on the horizon we want our Borough to be a healthier, fitter place
- Better future - We want a borough that believes in opportunity underpinned by the theme, ‘a well-run organisation’

This Policy and Strategy ensures resources are correctly applied in the provision of high quality services and initiatives that deliver these Corporate Objectives.

Resources

A Corporate Anti Fraud Team will be maintained, to investigate all issues of suspected fraud and irregularity other than housing benefit fraud and to promote the anti-fraud agenda of the Council through proactive and preventative activities.

A Tenancy Audit Team will investigate allegations of abuse concerning council housing and seek to recover council properties, for example where it is determined the registered tenant is not in residence as defined by the tenancy agreement, with the aim of delivering housing units back to proper use, and prevent misuse of the Social Housing Stock.

The authority for Fraud Investigators to investigate is enshrined in the Council’s Constitution, Financial Rules.

Internal Audit will, within the context of the Director of Finance and Resources statutory powers, have authority for internal audit purposes to:

- Enter at all reasonable times in to any Council premises or onto Council land
- Have access to all records, documents and correspondence relating to operations or transactions of the Council
- Require and receive such explanations as are necessary concerning any matters under examination
- Require any employee of the Council to produce cash, stores or any other property of the Council in her/his custody

Sufficient Benefit Fraud Investigators will be appointed to undertake investigation of referrals of suspected fraud and Visiting Officers whose duties will be to visit benefit customers to check the details of their claim obtaining any necessary supporting documentation in accordance with the DWP Verification Framework.

Housing Benefit Fraud Investigators will be appointed as “Authorised Officers” who have the power of entry and inspection under section 110A of the Social Security Administration Act 1992.

“Authorised Officers” must be right and proper persons and be issued with a certificate of appointment which will last for no more than one year at a time.

“Authorised Officers” will use their powers in connection with a claim for Housing Benefit and or Council Tax Benefit to enter business premises of landlords, agents or employers to inspect relevant documents and to interview persons found on the premises.

The “Authorised Officers” will also use their powers to write and request information from prescribed persons or businesses.

Any abuse of these powers will result in the “Authorised Officers” being subjected to disciplinary procedures.

Training

The Council will ensure that all Fraud Investigators are fully trained, appropriately qualified and are continually kept up to date with respective relevant legislative changes.

Publicity

Publicity will be used appropriately to discourage those who might seek to commit fraud both generally and in instances of specific outcomes from individual cases, to highlight the existence and work of the Anti-Fraud Teams and to promote the zero-tolerance approach.

All successful prosecutions for benefit fraud will be reported within internal and external media.

Fraud Hot Line

The Council has in place dedicated fraud and whistleblowing telephone hotlines and email addresses to enable members of the public to report concerns about possible fraudulent activity. All calls will be followed up by appropriate Fraud Investigators and all information supplied will be treated as private and confidential.

Case Management

Fraud Investigation Teams will maintain electronic records (e.g. case management system) to assist with the proper management, monitoring and recording of cases subject to investigation.

Considerations for Anti-Fraud Officers

When investigating fraud, Investigators and Visiting Officers will work to professional standards and in accordance with codes of practice as well as applying the Council's policies on equal opportunities and customer care. They will at all times apply appropriate procedures to maintain confidentiality. They are expected to comply with the Council's Code of Conduct specific to their activity.

Additionally, they will operate within the guidelines of:

The Police and Criminal Evidence Act 1984,	In undertaking an investigation Council officers will observe the Police and Criminal Evidence Act Codes of Practice. The customer will be advised of their rights and evidence will be obtained and secured in accordance with the Act. These Codes
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	of Practice will also be observed when taking statements.
The Human Rights Act 1998	Officers, when dealing with a suspected fraud, will comply with the requirements of the Human Rights Act.
Data Protection Act 1998	The Council will act in accordance with the current data protection legislation and any advice issued by the Information Commissioner. It is registered with the Commissioner that data may be used for the prevention of crime and the prosecution of offenders. It will use exemptions under the legislation to protect those organisations and individuals who may be asked to supply information to the Council in its investigation of fraud.
Regulation of Investigatory Powers Act 2000	Council officers will abide by the requirements of the Regulation of Investigatory Powers Act when conducting surveillance in relation to a suspected fraud.
Whistleblowing Policy & Public Interest Disclosure Act 1998	The Council has set out a policy of whistleblowing in accordance with the Public Interest Disclosure Act. In accordance with this policy Council employees and elected members are expected to inform the Council of any concerns about suspected malpractice by colleagues. The Council will follow the procedures set out in the policy when responding to such concerns.

Definitions

What is theft?

Under the section 1 of the Theft Act 1968 “A person is guilty of theft if: he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.”

Examples of theft include stealing any property belonging to the council or which has been entrusted to it (i.e. client funds); including cash, equipment, vehicles and data and can also include the stealing of property belonging to our staff or members whilst on council premises.

Under section 24A of the Theft Act 1968, a person is also guilty of theft where ‘they dishonestly retain a wrongful credit’. For example where they do not report and repay an overpayment of salary or advance.

What is fraud?

The Fraud Act 2006 introduced into statute the first legal definition of fraud.

For the purposes of this strategy, fraud is defined as the intentional distortion of records for gain; corruption as the offering or acceptance of inducements designed to influence official action; financial malpractice as theft of funds or assets from the Council or its clients and intentional, unauthorised breaches of financial regulations; and misuse of official position as employees or their friends, relatives or acquaintance benefiting inappropriately from exercise of duty.

Fraudulent acts may arise from:

Systems Issues - i.e. where a process /system exists which is prone to abuse by either employees or members of the public e.g. Housing Allocations.

Financial Issues - i.e. where individuals or companies have fraudulently obtained money from the Council. Examples include falsification of expense claims, theft of cash and alteration of records to conceal deficiencies, falsification of invoices for payment, failure to account for monies collected.

Equipment Issues - i.e. where Council equipment is used for personal reasons, for example personal use of council vehicles.

Resource Issues - i.e. where there is a misuse of resources for example theft of building materials or working in a private capacity during contracted hours or whilst sick.

What is corruption?

In contrast, corruption has been defined as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person contrary to the proper conduct of their duties.

Examples of areas where corruption can occur include tendering and awarding of contracts, appointment and reward of external consultants, awarding permissions, planning consents and licenses.

Types of inducement include cash, “free” holidays, “free” professional services and advice, provision of goods or materials, “free” entertainment such as tickets to sporting events.

This area is covered in greater depth by the Bribery Act Policy.

Further Support, Tools & Guidance

The latest version of the Fraud & Corruption Policy & Strategy and all of our documents can be obtained from either contacting the Group Manager – Internal Audit directly or by visiting our intranet pages:

If you have any comments or feedback to do with this document, we would like to hear from you, so please get in touch and email us at the following address:

david.greenfield@lbbd.gov.uk

1. STATEMENT OF INTENT

The Council is committed to providing Housing Benefit & Council Tax Benefit to its eligible residents promptly and accurately following the receipt of all necessary supporting information.

It will do all it can to ensure that customers receive the benefits to which they are entitled. It will encourage the take up of benefits by those people who are eligible.

The Council is also aware that some people will attempt to obtain benefit to which they have no entitlement or continue to receive benefit for which they are no longer eligible. It is therefore committed to a robust anti fraud stance in order to protect public funds and to ensure that benefits are delivered only to those who have entitlement to them.

When a fraud has occurred it will consider taking sanctions against the customer dependent upon their personal circumstances and the gravity of the case. Decisions will be taken in accordance with the Council's Prosecution Policy.

2. DUTIES AND CONSIDERATIONS OF BENEFIT OFFICERS

The Council is also committed to prevent benefit fraud by staff therefore all new staff employed in benefits and fraud administration will be rigorously vetted before being offered employment. Any issues that arise subsequently will be dealt with under disciplinary procedures.

The Council requires all officers involved in benefits and fraud administration to report:

- details of any property they are renting to tenants
- any claims for benefit in which they may have an interest

An interest is defined as a claim for benefit where the officer is

- the landlord or agent
- the customer or partner of the customer
- is a dependent or non dependant of the customer

If an officer involved in the administration of benefits or fraud has knowledge of a claim where the customer is a close family member as described by the Housing Benefit and Council Tax Benefit General Regulations, that officer must report the facts.

Interest in a benefit claim must be recorded in the Register of Employee Disclosures and Interests in accordance with agreed procedures. Officers will undertake regular checks on all properties recorded in this register to ensure that no benefit payment has been made in relation to these properties without the prior knowledge of Managers.

Any officer found to be involved in any offence involving any claims for benefit from the Department for Work & Pensions or any local authority will be disciplined under the disciplinary procedures in addition to any prosecution that may occur.

Where any officer investigating a fraud is believed to have abused their powers an investigation will take place with a view to disciplinary action being taken.

Gifts and hospitality offered to employees as a consequence of their role as an employee must be reported to their line manager and recorded in the Register of Gifts and Hospitality in accordance with agreed procedures.

3. DUTIES AND CONSIDERATIONS OF ELECTED MEMBERS

The Council requires all elected members to report details of:

- any property they are renting to tenants
- any claims for benefit in which they may have an interest

An interest is defined as a claim for benefit where the member is:

- the landlord or agent
- the customer or partner of the customer
- is a dependant or non dependant of the customer

Interest in a benefit claim must be recorded in the Council's Register of Interests in accordance with agreed procedures. Officers will undertake regular checks on all properties recorded in this register to ensure that no benefit payment has been made in relation to these properties without the prior knowledge of Managers.

Gifts and hospitality offered to a member as a consequence of their role as an elected member must be recorded in the Register of Gifts and Hospitality in accordance with agreed procedures.

4. DATA MATCHING EXERCISES

The Council will use the Department for Work & Pensions Housing Benefit Matching Service (HBMS) which checks benefit claim data for duplication and inconsistencies with data held by other authorities, the Pensions Service and Jobcentre Plus.

The Council will participate in the National Fraud Initiative (NFI) administered by the Audit Commission which allows comparison of Housing Benefit data against other data sources to identify inconsistencies requiring further investigation.

The Council will also run data matching exercises against its own records but will consult with recognised trade unions prior to data matching payroll data of staff and members.

At all times the Council will act in accordance with its understanding of the law and guidance issued by the Information Commissioner, the Department for Work & Pensions and the Audit Commission.

5. VERIFICATION OF HOUSING BENEFIT & COUNCIL TAX BENEFIT CLAIMS

To discourage and prevent fraud from taking place the Council have adopted the Department for Work & Pensions Verification Framework.

The information on the Benefit claim form will be verified by Benefits staff with all supporting documentation photocopied by the relevant officer and endorsed with their name and signature before the original document is returned to the customer.

The DWP Customer Information System (CIS) which is a web enabled application that all Benefit Officers have access to will be used by designated officers to validate information concerning the payment of Income Support or Jobseekers Allowance by that agency.

If fraud is suspected further enquiries will be made which may include contacting third parties and interviewing under caution those suspected in accordance Police and Criminal Evidence Act.

Although all claims for benefit will come under close scrutiny the Council is committed to paying benefit accurately and speedily within recognised time scales. Advice and assistance will be given to customers when applying for benefit to maximise take up.

6. BENEFIT CLAIM FORM

The Council will ensure that its application form for Housing Benefit and Council Tax Benefit includes questions and instructions in plain language. The form will make clear to the customer that giving false information could result in the customer being prosecuted. It will also state that the Council may cross check information on the form with other Departments within the Council, other agencies, other Councils and the Rent Officer Service.

The Council will put in place systems which will help the customer to make their claim for benefit and remind them of the need to advise the Council promptly of any change in circumstances. This will include those customers whose ethnicity or disability presents particular difficulties.

The Housing Benefit & Council Tax Benefit claim form will reviewed and amended regularly to ensure it remains helpful to customers when applying for benefit.

7. OVERPAID BENEFIT TO CUSTOMERS

If benefit has been obtained from the Council where there was no entitlement, for example due to a false claim or a failure to disclose a change in circumstances, the Council will consider the particulars of the individual case. If it is deemed that the customer could reasonably have known they were being overpaid benefit the Council will consider prosecution in accordance with the Prosecution policy.

Where appropriate the Council will consider applying either an administrative penalty equal to 30% of the overpayment or issuing a local authority caution as alternatives to prosecution.

If it is considered not to be in the public interest to apply a relevant sanction the Council will still seek to recover the overpaid benefit in accordance with the Council's overpayment policy.

8. OVERPAID BENEFIT TO LANDLORDS

Payments of benefit are often made directly to landlords on behalf of customers. If a landlord falsifies a claim or assists a customer to falsify a claim they are guilty of an offence and will normally be prosecuted by the Council in accordance with the Prosecution policy.

Landlords who receive benefit directly are obliged to report any change in their tenant's circumstances. Failure to do so may result in more benefit being paid directly than is actually due.

The Council will make landlords aware of their duty to report a known change of circumstances and that failure to do so is an offence. If the Council believes that an offence has been committed it will consider prosecution and will recover any overpaid benefit either from future direct payments to the landlord or by civil recovery through the Courts.

The Council will expect its Fraud Investigators to use their powers of inspection to obtain information from landlords. These powers will be used reasonably and in compliance with the regulations.

9. "DO NOT REDIRECT MAIL"

The Council will use the "do not redirect mail" service provided by the Post Office to prevent benefit payments being re directed to other addresses.

10.PROACTIVE CAMPAIGNS

The Council will undertake at least two specific benefit fraud campaigns each year either alone or in partnership with another authority or organisation.

The London Borough of Barking and Dagenham is committed to developing a culture of honesty and zero tolerance to fraud and corruption.

The purpose of this document is to demonstrate and set out the procedures to be followed where theft, fraud or corruption (other than Benefit Fraud) is suspected or detected. It is part of the Council's overall fraud and corruption policy & strategy. It therefore applies to all Members (elected Councillors) and all personnel whether staff of the London Borough of Barking and Dagenham, consultants, agency staff or contractors.

It also provides a framework for responding that enables evidence to be gathered and collated in a way which facilitates an informed initial decision and ensures that any evidence gathered will have been lawfully obtained and will be admissible if the matter proceeds to criminal or civil action.

This document is not an investigation procedure for staff. If you suspect fraud it is vital that you follow the guidance in this plan and report your suspicions to the Corporate Anti-Fraud Team. Neither does this document provide guidance on fraud prevention. It is quite simply a brief guide on "what to do if you become aware of fraud" and tells you how the Council will respond to suspected or actual occurrences of fraud.

Roles & Responsibilities In Respect Of Fraud and Corruption

All staff and Elected Members have duties under the Council's Corporate Governance arrangements to prevent and detect occurrences of fraud and have a responsibility to ensure compliance with relevant legislation in discharging these duties.

The Divisional Director (Assurance & Risk) will maintain a log of all reports, detail actions taken and conclusions reached and report at least annually to Members of the Public Accounts & Audit Select Committee.

The Divisional Director (Assurance & Risk) will ensure a consistent approach to the conduct of any investigations into matters reported and that proper records of each investigation are kept from the outset, including accurate notes of when, where and from whom evidence was obtained, and by whom.

Where a member of staff is to be investigated, the relevant Chief Officer and Departmental Human Resources Officer will be informed. Normally, the member of staff's line manager will also be informed unless this is deemed to be inappropriate given the circumstances of the case.

If a suspicion is reported to a manager, s/he must pass that suspicion on to the Corporate Anti-Fraud Team immediately. Any delay could compromise subsequent investigations.

What should staff do if they suspect fraud or corruption?

Employees are often the first to become aware that there is something seriously wrong within the Council.

If you suspect or become aware of fraud or any other illegal act perpetrated by an employee, or other individual(s) against the Council, there are several avenues through which your concerns should be reported.

Initially your concerns should be brought to the attention of your line manager. Alternatively, the matter may be raised with the Corporate Anti-Fraud Team who can advise or discuss the matter informally.

You can also report concerns via the Fraud telephone Hotline and/or dedicated email address.

If you feel unable to express concerns openly and wish to report concerns in confidence, you may do so in accordance with the Council's Whistleblowing Policy without having to worry about being victimised, discriminated against or disadvantaged in any way as a result.

When you become aware that there may be a problem you should:

- Make an immediate written note of your concerns, details of any telephone or conversations you have heard or documents you have seen, and note the date, time, and names of the people involved. These notes should be signed, timed and dated. Timeliness is important because the longer you delay writing up the notes, the greater the chances of recollections becoming distorted and the case being weakened
- Pass any documents that would normally come into your possession immediately to Corporate Anti-Fraud Team if this can be done without alerting suspicions; this should include any relevant e mails

You should not:

- Ignore the concerns or be afraid of raising them. You will not suffer recriminations from your employer as a result of voicing a reasonably held suspicion
- Approach individuals yourself or convey your suspicions to other staff, except those authorised to deal with the matter. There may be an innocent explanation that resolves your concerns. If you have any doubts about who to consult, speak to the Corporate Anti-Fraud Team first
- Investigate the matter yourself. There are special rules relating to the gathering of evidence for use in criminal cases. Attempts to gather evidence by persons who are unfamiliar with these rules may jeopardise or undermine the case
- Discuss it with anyone else after you have reported your suspicions

What should a member of the public or a partner organisation do if they suspect fraud or corruption?

The Council encourages members of the public who suspect fraud and corruption to contact the Divisional Director (Assurance & Risk) in the first instance. Suspicions or identified instances of fraud, corruption or other wrongdoing against the Council can be reported via a confidential hotline number.

How will allegations of fraud and corruption be dealt with by the Council?

The Corporate Anti-Fraud Team operates independently of other Council services but will pool resources with other stakeholders such as the Internal Audit, Tenancy Audit and Benefit Fraud Teams to provide a joined up approach to prevention, detection, investigation and prosecution of fraud and corruption within the council.

When allegations are received from staff or the public the Corporate Anti-Fraud Team will establish at an early stage the action to be taken by the Council; this may depend on the nature of the

allegation. The matters raised may be investigated internally; however, allegations of wrongdoing involving a criminal act may shape the way the investigation is handled and by whom.

Within ten working days of a concern being received, the responsible officer will write to the complainant:

- Acknowledging that the concern has been received
- Indicating how they propose to deal with the matter
- Giving an estimate of how long it will take to provide a final response; and
- Informing whether or not any further investigations will take place

If it appears that a criminal act has occurred or where there is sufficient evidence of fraud or corruption, the Police will be involved in accordance with the Council's Prosecution Policy. In most cases, referral to the police will be the normal course of action.

All staff must cooperate fully with police or any other form of external enquiry.

Where the police are unable to progress a criminal prosecution, e.g. because the burden of proof is insufficient to convince the Crown Prosecution Service to proceed, legal opinion will be sought as to the expediency of civil action particularly in relation to recovering losses.

If it appears not to be a criminal matter, an internal investigation will be undertaken to:

- Determine the facts
- Consider if the allegation should be dismissed or
- What action should be taken against any staff found culpable
- Consider what may be taken to recover any losses to the Council which could include civil action
- Identify whether the Council's system controls or procedures need to be improved

If the outcome of an investigation is that action should be taken against an employee, the Corporate Anti-Fraud Team will advise the appropriate service manager and/or Divisional Director and liaise with the Human Resources section to determine whether disciplinary action is appropriate for:

- misconduct i.e. negligence or error of judgement
- gross misconduct, i.e. dishonesty

A fraud log will be completed detailing every action taken during the investigation, this will include the dates and times that each action undertaken was carried out.

How we gather and deal with evidence

The Corporate Anti-Fraud Team will normally manage investigations and will be responsible for gathering evidence and will seek to establish whether there is any physical evidence that fraud has occurred and collect such evidence, recording the time and place that the evidence was obtained.

Where there are reasonable grounds for suspicion, the police will be involved at an early stage however the Divisional Director (Assurance & Risk) may still undertake part or all of the investigation on behalf of the police. All employees MUST co-operate with the investigation process.

If appropriate, and in accordance with Human Resources policies and with their agreement, suspension of officers will be considered to ensure unfettered progress of investigations. It should be noted that suspension is a neutral act and in no way implies guilt of the officer.

Failure to co-operate will itself constitute a disciplinary offence.

It is important, from the outset, to ensure that evidence is not contaminated, lost or destroyed. Wherever possible original documents should be retained, secured and handled as little as possible. Under no circumstances should they be marked in any way. Computer data must also be secured and should not be viewed by anyone who is not appropriately trained.

All evidence will be obtained lawfully, properly recorded and retained securely in accordance with the Police and Criminal Evidence Act 1984 and the Criminal Procedure and Investigations Act 1996.

The outcomes of internal investigations will be reported to the Public Accounts & Audit Select Committee.

Conducting interviews

Interviews will be conducted in a fair and proper manner and in accordance with the Council's Disciplinary Rules.

As much documentary evidence as possible will be gathered before any interviews are conducted. If it is established there are any witnesses to the events the Corporate Anti-Fraud Team will seek to interview witnesses and obtain written statements. File notes of all actions and discussions will be maintained. The veracity of the information provided by witnesses and or other evidence documentary or otherwise will determine whether the employee should be interviewed.

Where there is a possibility of subsequent criminal action, the police will be consulted and interviews may be conducted under caution in compliance with the Police and Criminal Evidence Act 1984 which governs the admissibility of evidence in court proceedings.

Closing the investigation

The investigation will be concluded by deciding whether there is a case to answer and by making recommendations as to appropriate action in a written report to the relevant manager and Divisional Director as well as improvements to systems and procedures.

Management will seek advice from Human Resources to establish the correct procedure to progress the matter through the Council's disciplinary framework.

For acts of dishonesty, false accounting, gross negligence, deception, or theft, employees can expect to be dismissed.

Employees found to have committed fraud against other organisations responsible for the administration of public funds will be considered to have brought this Council into disrepute and can expect to be dismissed.

All matters investigated will be dealt with in accordance with the Council's Human Resources Disciplinary Rules and Code of Conduct for Employees.