TENDRING DISTRICT COUNCIL

FRAUD AND CORRUPTION STRATEGY

(Updated June 2012)

POLICY STATEMENT ON FRAUD AND CORRUPTION

PURPOSE, COMMITMENT AND PROCEDURES

Commitment	Tendring District Council is committed to :- 1 take all necessary action to encourage prevention of fraud and corruption; 2 make facilities available to aid detection of fraud and corruption; 3 ensure prompt investigation and action. These commitments will be demonstrated through the Council's operation of an effective anti-fraud and corruption strategy.
Expectations	The Council expects Members and employees to set appropriate high standards through compliance with legal requirements, rules, procedures and general good practice. Members will be expected to comply with the most up to date Principles Associated with Public Life.
External Individuals and Organisations	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 attitude the Council has Financial Procedure Rules, Procurement Procedure Rules plus a Procurement Strategy.
The Procedures	The four basic elements of the Policy Statement deal with :- 1 Standards, Expectations and Commitment; 2 Prevention; 3 Detection and Investigation; 4 Training. These four elements are covered in detail in the remainder of this document and end with a summary statement. When combined, these elements are intended to frustrate any attempted fraud and corruption activity.
Internal Scrutiny	Internal scrutiny of the Council's various activities occurs as a result of :- 1 The responsibilities placed on the Head of Paid Service under Section 4 of the Local Government and Housing Act 1989; 2 Section 151 responsibilities (Local Government Act 1972) and Section 114 Local Government Finance Act 1988 responsibilities;

	3 The establishment of sound Internal Audit arrangements in accordance with the Accounts and Audit (England) Regulations 2011.
External Scrutiny	The Council's affairs are also subject to scrutiny by a number of external bodies and individuals :- 1 the Audit Commission 2 the public at the Annual Inspection of Accounts; 3 the business community through Business Consultation processes; 4 HM Revenues and Customs; 5 the Department for Work & Pensions (DWP); 6 the public using the Council's formal Complaints Procedure; 7 through the Council's Performance Framework.
External Responsibilities	A statutory duty rests with the Council's External Auditor to ensure that the Council has adequate and effective arrangements for the prevention and detection of fraud and corruption.

STANDARDS, EXPECTATIONS AND COMMITMENT

1	As a public body, Tendring District Council is both required and expected to demonstrate a total commitment to a fraud and corruption policy.
2	Consequently, the Council expects all individuals and organisations, associated in whatever way with it, to act with integrity and that Members and employees will demonstrate their total commitment to this policy.
3	The Council's employees are an important element in its stance on fraud and corruption. They are positively and openly encouraged to raise any concerns that they may have with their line manager. Employees can do this with the knowledge that their concerns will be treated in confidence and that they will be properly investigated.
4	If an employee believes that there are reasons why he should use an alternative route to raise his concerns then it is suggested that he contact :- Chief Executive Head of Department Head of Resource Management HR Manager Head of Internal Audit The latter officer 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 is notified. The Audit Commission has previously published leaflets advising staff what to do if they consider that internal options for raising concerns are not appropriate and can be contacted directly if appropriate.
5	Matters can also be raised through *Public Concern At Work* (Website www.pcaw.org.uk*)*. This is a registered charity whose services are free and strictly confidential. They may be contacted on 020 7404 6609. The Council also subscribes to ExpoLink, an independent consultation and advisory service, which provides staff with independent advice regarding their concerns and how to address matters. ExpoLink can be contacted on 0800 374199.
6	Heads of Department are responsible for ensuring that any irregularity or suspected irregularity is reported to Internal Audit for investigation in accordance with the Council's Financial Procedure Rules.
7	The Council promises to take a robust approach when dealing with fraud and corruption or suspicions thereof.
8	In view of both the gravity of such issues, and the finite limit on resources, it is imperative that the resources that are available for the investigation process are not misused. Any abuse, therefore, such as unfounded or malicious allegations may be dealt with as a disciplinary issue.

PREVENTION

1	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 fixed-term contracts.
2	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.
3	Expectations and guidance regarding Members' conduct were subject to change following the introduction of the Localism Act 2011 with the Council adopting new requirements from 2012/13 including the adoption of a code of conduct compliant with principles set out in the act.
4	Expectations concerning conduct are brought to the attention of Members on election to the Council, including rules relating to the declaration and registration of potential areas of conflict between a Member's Council duties and his or her personal or professional lives.
5	Section 151 of the Local Government Act 1972 places a statutory responsibility on the Head of Resource Management to ensure that proper arrangements are made for the administration of the Council's financial affairs.
6	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.
7	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 Head of Resource Management.
8	Risk assessment, 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 controls and ensure that there is appropriate departmental compliance.
9	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 liase with those other agencies, exchanging information, where possible and appropriate, to help prevent and detect such fraud. It is important that arrangements exist, and they are developed, to encourage the exchange of information with other agencies including :- 1 other local authorities;

	2	government departments;
	3	police forces;
	4	the Audit Commission including annual NFI Data matching exercises;
	5	the National Anti-Fraud Network [NAFN];
	6	Essex Audit Group [EAG];
	7	Essex and Herts Investigation Group [EHIG];
	8	London Team Against Fraud [LTAF];
	9	London Organised Fraud Investigation Team [LOFIT];
	10	Housing Benefit Matching Service [HBMS] run by the DWP (monthly matching).

DETECTION AND INVESTIGATION

1	Preventative systems, particularly internal controls within the Council have been designed to provide indications of fraudulent activity, and equally importantly, to deter potential fraudsters.
2	The responsibility to prevent and detect fraud and corruption lies with Management Team, Heads of Department, managers and all other employees of the Council. 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.
3	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 Resource Management or the Audit Commission directly or through the associated websites.
4	Financial Procedure Rules require all Heads of Department to report all suspected fraud or similar irregularity to the Head of Internal Audit. Correct reporting is essential to the Council's anti-fraud strategy to ensure :- 1 consistent treatment of fraud and corruption; 2 proper investigation by an independent unit (Internal Audit); 3 prompt implementation of appropriate investigative activity; 4 optimum protection of the Council's interests.
5	Under Section 6 of the Audit Commission Act 1998, Tendring is required to participate in National Fraud Initiatives [NFI] run by the Audit Commission. Payroll data will be provided to the Audit Commission for the NFI 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 monthly housing benefit matching exercises run by the DWP. Participation in both affects CAA assessment.
6	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 for the Council.
7	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.
8	Where fraud or corruption is discovered the Council's attitude will tend to favour the criminal prosecution of offenders.
9	Independent investigative powers in respect of fraud and corruption also rest with the External Auditor.

10	In accordance with good practice guidance and to demonstrate its commitment to continued anti-fraud activity in the particular area of housing benefit payments, the Council has developed a Housing Benefit Security Strategy, which incorporates a specific Prosecution Policy at the end of this document.

TRAINING

1	The Council recognises the importance of training and the response of employees throughout the Council in ensuring that its anti-fraud and corruption policy remains a continuing success.
2	In this respect the Council encourages induction training and regular development for all employees.
3	Effective investigation of fraud and corruption requires staff who 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 "Professionalism In Investigation" [PINS] trained.
4	General staff training will also incorporate appropriate references to the need for staff to be alert and vigilant in their day to day activities.

SUMMARY

1	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.
2	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.
3	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 Head of Resource Management.
4	This policy statement and its objectives will be monitored by Internal Audit, as part of their ongoing activities and any issues that arise will be reported to the Head of Resource Management, Chief Executive and Management Team.
5	This Policy needs to read in conjunction with the Housing Benefit Security Strategy and the Council's Prosecution Policy.

PRINCIPLES OF PUBLIC LIFE **APPENDIX A**

Selflessness	Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
Integrity	Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
Objectivity	In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for reward and benefits, holders of public office should make choices on merit.
Accountability	Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
Openness	Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
Honesty	Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
Leadership	Holders of public office should promote and support these principles by leadership and example.

A Members' Code of Conduct forms part of the Council's Constitution.
Principles of Public Life are also promoted through the Committee on Standards of Public Life which is an independent public body who advises government on ethical standards across the whole of public life in the UK.

TENDRING DISTRICT COUNCIL

BENEFIT SECURITY STRATEGY

INCORPORATING

THE PROSECUTION POLICY

Purpose of This Strategy

The purpose of this Strategy is to document Tendring District Council's [the Council's] continued positive approach to combating fraud and error associated with the payment of Benefit.

It records the approach and commitment that has in fact been adopted and applied for many years, since the Council employed its first dedicated Benefit Fraud Officer in 1989, and how the Council intends to continue to apply that approach and commitment in the foreseeable future.

The History of Benefit Fraud Prevention and Detection at Tendring

Tendring District Council was one of the first councils to employ a dedicated Benefit Fraud Officer, in 1989, and has varied resources since then, in response to increased fraud levels and changes in government regulations, to a current establishment that comprises: -

1 Senior Fraud Officer;
3 Permanent Fraud Officers;
1 part-time Administrative Support Officer.

During the years since that original appointment the Benefit Fraud Investigation Section [BFIS] has made regular and frequent changes in working practices to comply with regulation changes and the various incentive schemes and other arrangements that have been introduced by successive governments.

Tendring District Council has for many years demonstrated a clear commitment to the detection and prevention of fraud and error in benefit claims. It has participated in a number of local and national initiatives to detect and prevent fraud. Details of the wide range of initiatives in which the Council regularly participates is set out in the main Security Strategy document.

During the period since the initial recognition of benefit fraud problems, the Council has formally adopted a Prosecution Policy which has been regularly used since that date.

Benefit Fraud Inspectorate [BFI] reviews of local authority benefit fraud investigative activity have now been incorporated within the overall reviews undertaken by the Audit Commission. The BFIS continues to gather information regarding "best practice" as well as DWP regulation changes. Such information has then been applied to local working practices to maximise the effectiveness of the in-house team.

Activity Resulting From Current Regulations

The Benefit Fraud Investigation Section [BFIS] has in accordance with current regulations, continued undertaking Interviews under Caution [IUC's], and the issuing of Cautions and Administrative Penalties as well as initiating prosecutions in accordance with the Council's Prosecution Policy.

Use of a specialist external solicitor has been approved for prosecutions. The former DWP Prosecution Service previously offered to handle local authority cases, at no charge, but the service came with no guarantee that all cases would be taken, or that those which were taken would be handled within a timescale that is reasonable or that fits regulation requirements (DWP cases generally being handled as a priority). The external Solicitor used for a number of years by this Authority specialises in local authority benefit fraud prosecutions and has a proven success rate to date with other Essex local authority cases and with Tendring's referred cases.

The Senior Benefit Fraud Officer and three Benefit Fraud Officers are fully qualified having obtained the Professionalism in Investigations [PINS][1] qualification.

Working Initiatives in Place

Working initiatives in place include: -

1 Use of the Royal Mail service to prevent re-direction of benefit cheque envelopes;

2 Housing Benefit Matching Service – monthly electronic data matching exercises;

3 Audit Commission National Fraud Initiative – 2-yearly additional electronic data matching exercises;

4 Local Service Agreements with the relevant DWP offices;

5 Active involvement in The Essex and Herts Investigation Group [EHIG]

6 Consistent application of the Council's Prosecution Policy in all appropriate cases

7 Fraud Awareness Sessions for Non-Financial Services

8 Benefit Fraud Hotline and e-mail address

9 Achieving Benefit Fraud Activity Publicity

Details of each of the above working initiatives are set out below.

Use of the Royal Mail service to return re-directed mail

Tendring has participated in this scheme since its introduction. All cheques are despatched using the appropriate envelopes. Recently introduced laser-printed benefit cheques are printed bearing the unique markings required to participate in this scheme.

Housing Benefit Matching Service [HBMS]

Tendring has participated in this scheme since its introduction. Data files are prepared and despatched in accordance with the HBMS specification and timetable. Cases highlighted are, after initial sifting by the HBMS process, examined carefully and then investigated as appropriate. Electronic matching is now undertaken monthly and still provides an average of 45 cases per month.

The matching process provides access to data, for comparison / verification purposes, to which this Authority would not otherwise have access, and continues to produce a number (generally some 33% of all referrals) of high quality 'matches' for further investigation, a high proportion of which ultimately lead to a sanction or prosecution.

Audit Commission National Fraud Initiative

Participation in this initiative has also occurred every year since the Audit Commission [AC] began data matching exercises. Outcomes from this exercise are selectively reviewed to ensure most efficient use of limited investgatory resources. This national exercise is now undertaken once every 2 years.

[1] PINS is a formal national professional qualification developed, controlled and accredited by Portsmouth University to meet the needs of Local Authorities, the Department of Health, HMRC, the NHS and the DWP in fraud prevention and detection.

Again, The AC exercise provides access to data, for comparison / verification purposes, to which this authority would not otherwise have access.

Local Service Agreement with the DWP

Due to the size and extent of Tendring's geographical area its residents are served by two Benefit Agency offices - one in Clacton and one in Colchester. Local Service Agreements exist with both offices and regular meetings are held between the respective staff to discuss progress, consider joint initiatives etc.

Active involvement in The Essex and Herts Investigation Group [EHIG]

Meetings of the EHIG are held at regular intervals at various locations within the Essex area and are attended by staff from all Essex and Herts local authorities' benefit fraud sections. These meetings (which are also attended by a number of other interested agencies such as the DWP and HMRC) are used to discuss regulation and other statutory changes, to consider working practices and compare "best practice" and other relevant information, including the sharing of intelligence and other information, where appropriate and lawful.

Prosecution Policy

The existence of an approved Prosecution Policy enables the effective and timely handling of cases where prosecution is appropriate or necessary[2]. The Policy incorporates considerable essential officer-level delegated power to enable prompt action in order to meet regulated timescales. The Prosecution Policy, included with this report, is published on the Council's Intranet and is accessible though the Council's Website, to enable access by all staff and the general public.

Tendring's Policy is consistent with similar polices (i.e. DWP etc).

Fraud Awareness Sessions for Non-Financial Services

Staff from the BFIS undertake periodic "fraud awareness" training / information sessions for Benefits, Revenues and Cashiers staff and staff from other 'non-Financial' services to make a wide range of Council staff aware of potential benefit and other fraud issues. The reward for this time commitment continues to be a number of quality referrals from staff in those services.

Benefit Fraud Hotline and E-mail address

The BFIS has developed and operates a "fraud hotline" and an e-mail address where information can be lodged (anonymously if preferred), by the public. These facilities are regularly and frequently used. Both are checked on a daily basis to ensure timely action on information provided. There is also a web page where allegations of fraud can be made anonymously by filing in a 'suspicion of fraud referral'.

Seeking Benefit Fraud Activity Publicity

Publicity relating to the activity of the Benefit Fraud Investigation Section (particularly successful court cases) is sought at every opportunity to maximise the deterrent aspect of the activity. To this extent there have been regular adverts in local newspapers, a poster campaign in other Council Offices, local libraries, shops etc and an extended item on local radio which coincided with the introduction of the current regulations relating to Cautions Administrative Penalties and Prosecution.

The Benefit Fraud Hotline telephone number and e-mail address are published on the Council's Web Site for access by and use of the general public.

[2] Where a claimant suspected of fraud has previously had a sanction issued, the DWP regulations require that a prosecution is undertaken, regardless of length and value of the fraud.

Ongoing Benefit Fraud Activity

The Council's current pro-active and committed approach to Benefit Fraud Prevention and Detection will continue.

TENDRING DISTRICT COUNCIL

BENEFIT FRAUD PROSECUTION POLICY

The Purpose of the Policy

The purpose of this Benefit Fraud Prosecution Policy is to: -

1 demonstrate that Tendring District Council is committed to protecting public funds through its action on fraud;

2 set out the circumstances which will be considered when deciding whether it is in the public interest to pursue a prosecution; and

3 set criteria for the use of the administrative penalty, in appropriate circumstances.

Who Will Prosecute

It is in the Council's interest to adopt a flexible approach to the matter of who undertakes a prosecution. The options available are: -

1 if other types of benefit are also involved, to refer the case to the relevant Agency (i.e. the DWP) to consider undertaking a prosecution (including the benefit relating to this Authority) to seek recovery of the fraudulent overpayment; or

2 refer the case to the Head of Resource Management to consider undertaking a private prosecution.

3 In accordance with approval previously given by Members, to use the services of a specialist external solicitor (whose specialism is in prosecuting local authority benefit fraud cases and whose record of success in such cases is good).

The policy advocates the continuation of a totally flexible approach on grounds of cost effectiveness and the need to achieve prosecution within strictly controlled timescales and in a way that prosecutions might take place in addition to, and without prejudice to, the recovery of amounts fraudulently overpaid to potential offenders.

Factors That Need To Be Taken Into Account in Deciding Whether to Consider Prosecution

Where a Fraud Investigation Officer has examined a case involving suspected fraud and considers that there are circumstances or evidence that suggests that a prosecution is appropriate or necessary he / she will, after discussion with the Senior Benefit Fraud Officer, present the evidence / recommendations to the Finance and Procurement Manager for a decision under the authority delegated within this policy.

In reaching a recommendation as to whether a prosecution should occur the following factors will be taken into account: -

- the amount and duration of the fraud;
- the age, mental and physical health of the offender;
- the social and domestic status of the offender;
- the existence of fraudulent intent;
- any previous history of fraud;
- the strength of evidence and the prospect of conviction;
- the deterrent value of prosecution;
- in accordance with DWP guidance, the suitability or otherwise of a formal caution or administrative penalty as an alternative to prosecution;
- the public interest; and
- Regulatory and other guidance.

The Use of Administrative Penalties

The current Housing Benefit Fraud Regulations specify that a local authority may administer a fixed penalty in certain circumstances (the penalty is currently 30% of the value of benefit fraudulently obtained). The circumstances in which this is be used at Tendring are applied in accordance with DWP guidance / regulatory requirements: -

1 where the criteria for prosecution have been fulfilled but the offender's personal circumstances indicate that a financial penalty would be a suitable solution; and

2 where the Council can realistically expect to recover the administrative penalty in addition to any overpaid Benefit.

Note If the financial penalty is not accepted by the offender, as an alternative remedy, then the matter **must**, under current regulations, be referred for criminal prosecution.

Who Will Decide Whether to Pursue Prosecution

After consideration of the above factors and the quality and nature of the evidence provided by the Benefit Fraud Investigation Officer, the Finance and Procurement Manager on behalf of the Head of Resource Management, will determine whether to consider initiating a prosecution, and whether to refer the case in question to Legal Services, or external specialist solicitor to undertake the prosecution. This process will be formally documented in accordance with "good practice" procedures that meet criteria recommended by the Audit Commission and the Benefit Fraud Inspectorate.

Subject to there being no exceptional circumstances demonstrated by completion of the certificate of public interest, guideline "suspected or evidenced fraud" values are used to determine whether a formal caution, administrative penalty or prosecution should occur, in conjunction with DWP guidelines and other requirements that previous offenders should automatically be prosecuted. The values used are reviewed from time to time in the light of Benefit payment rates, DWP practice / regulation.

If the circumstances indicate that the use of formal caution or administrative penalties would be more appropriate then this too will be determined by the Finance and Procurement Manager on behalf of the Head of Resource Management.