DRAFT

Anti-Fraud Strategy

MALDON
DISTRICT COUNCIL

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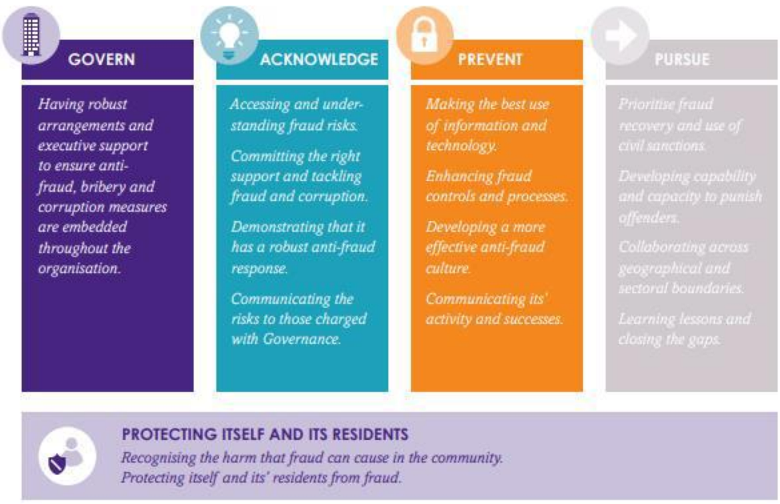
1 Introduction

1.1 The Council has a duty to safeguard public funds and is committed to the highest standards of accountability and openness to ensure that controls are in place to reduce, prevent, detect and prosecute corrupt and fraudulent behaviour.

1.2 This strategy incorporates the best practice guidance for combatting fraud in Local Government including the Governments 2025 UK Anti-Corruption Strategy and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice. It is based on the Fighting Fraud and Corruption Locally – A strategy for the 2020s (FFCL).

1.3 The Council will adhere to the key principles set out in FFCL as this represents best practice and compliance and will enable the Council to demonstrate its commitment to protecting the public purse.

1.4 It builds on earlier requirements for Local Authorities to adopt a code of conduct compliant with the seven 'Nolan' principles of standards in public life; selflessness, integrity, objectivity, accountability, openness, honesty and leadership .and incorporates the five pillars of activity set out in the FFCL



1.5 This document updates earlier guidance and sets out the Council's approach to minimising the risk of corruption or fraud occurring, to detecting its possible occurrence, and the actions it will take when activity is suspected and/or identified. It is underpinned by all other relevant obligations as an employer and related policies including:

- Anti Bribery and Corruption Policy
- Anit Money Laundering Policy
- Whistleblowing Policy

- Member and Officers Code of Conduct
- Maldon District Council Fraud Response Plan (Appendix 1 of this policy)
- Maldon District Council Enforcement Strategy
- Sanctions and Prosecution Policy

2 Purpose

2.1 The aim of this strategy is to:

- protect the public purse, the Council's residents and the Council's assets and ensure that fraud and corruption within the Council is kept to a minimum.
- set out the Council's approach to managing the risk of fraud, theft and economic crime and the failure to prevent fraud offence
- facilitate, promote and establish an appropriate culture.

2.2 Fraud cannot always be prevented but the Council commits to ensuring that every effort will be made to conduct robust investigations and bring offenders to account.

3 Scope

3.1 This document applies to all areas of the Council's business and to all persons working for the Council or on our behalf in any capacity, including Members, employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

4 Roles and responsibilities

4.1 The following table sets out the responsibilities for each stakeholder:

Stakeholder	Responsibilities
The Council	• overall responsibility for the effective operation of this policy • reviewing the effectiveness of actions taken in response to concerns raised under this policy.
Elected Members	• facilitate an anti-fraud and anti-corruption culture • demonstrate commitment to this strategy and ensure it has the appropriate profile within the Councils • comply with the Members Code of Conduct • report any genuine concerns accordingly
Performance,	• monitor and review the effectiveness of the Councils anti-

Stakeholder	Responsibilities
Governance and Audit Committee	fraud and corruption arrangements • champion strong political and executive support for work to counter fraud and corruption
Chief Financial Officer (Section 151)	• day to day operational responsibility for this Strategy • ensure that those working in counter fraud are professionally trained and accredited for their role • ensure that those working to counter fraud and corruption are undertaking this work in accordance with a clear ethical framework and standards of personal conduct • ensure that there is a level of financial investment in counter fraud and corruption work that is proportionate to the risk identified • ensure that there are proper arrangements in place to administer the Council's financial affairs (statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985)
Monitoring Officer	• regularly publicise and monitor compliance with expected standards of ethical conduct • ensure registers of interests, gifts and hospitality are maintained • ensure Members and Officers are fully aware of their obligations in relation to honesty and transparency • to put in place arrangements for investigating allegations that Members have failed to comply with the Member Code.
Internal Audit	• report upon any learning points the organisation must implement following am internal fraud event • develop an annual, risk based internal audit plan including consideration of fraud risk • evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk • make recommendations where weaknesses are identified and ensure action plans implemented to prevent reoccurrences
Human Resources	• ensure that there is an effective propriety checking system implemented by appropriately trained staff in place • ensure employment policies support the anti-fraud and anti-corruption strategy • ensure that effective whistleblowing arrangements are established • ensure all employees have read the Employees Code of Conduct and understand their responsibilities as part of the induction process
Senior Leadership Team	• reviewing this policy • ensure the risks of fraud and corruption are identified and recorded on the corporate fraud risk register as required • implement adequate controls to reduce the risk to an

Stakeholder	Responsibilities
	acceptable level • adopt and maintain a robust control environment • ensure the anti-fraud and anti-corruption strategy is implemented within their area of responsibility • ensure that any allegations of fraud that they are aware of are reported • ensure the risk of fraud and corruption is considered in all new processes • establish an anti-fraud culture in their service area(s)
Managers	• ensure all employees are aware of their responsibilities under the anti-fraud and anti-corruption policy • ensure all employees are aware of the process for reporting allegations of fraud • ensure accurate and timely reporting of gifts and hospitality • promote the adoption of policies consistent with the principles set out in this policy within partnerships, joint working and other supplier/contractual arrangements
Employees (including Agency staff)	• comply with the Councils policies and procedures • maintain an awareness of the possibility of fraud and corruption • understand their responsibilities surrounding fraud and report any genuine concerns accordingly • an understanding of expected behaviour

5 Objective of this Strategy

5.1 This strategy provides a coherent and consistent framework to enable you to recognise, understand, prevent and report fraudulent/corrupt activity and sets out the Council's commitment to actions aligned with the pillars of activity.

6 The Council's commitment to action

Govern

'Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures and embedded throughout the organisation'.

The Council is committed to the highest ethical standards. We expect all of our staff, contractors and Members to follow all legal rules, procedures and practices, and to protect the Council's legitimate interests at all times. We commit to the following priorities:

- Review and update the Anti-Fraud Strategy and related policies

- Review and update behavioural policies including Member and Officer Codes of Conduct, Gifts and Hospitality Policy, Declarations of Interest Policy
- Ensure IT security policies and procedures are up to date

6.1 Acknowledge

'Accessing and understanding fraud risks'.
'Committing to the right support and tackling fraud and corruption'.
'Demonstrating that it has a robust anti-fraud response'.
'Communicating the risks to those charged with Governance'.

All organisations are at risk of fraud and corruption. The illegal and hidden nature of fraud makes it hard to measure accurately. Acknowledging this risk is essential in developing an appropriate and effective anti-fraud response. To recognise fraud effectively there must be a thorough understanding of what the fraud issues are, where the risks are likely to occur and the scale of any potential losses.

The Council is working to implement a strong counter fraud response. We commit to the following priorities:

- To identify both fraud risks facing the Councils and the reasonable procedures in place to reduce or remove the risk
- To promote a strong anti-fraud culture and to raise both staff and public awareness
- To deliver fraud awareness training package
- To work with partners and stakeholders to share understanding of emerging fraud risks
- To regularly review emerging fraud risks, mitigation/control measures and the Councils exposure to loss
- To participate in collaborative counter fraud work with other agencies
- To use data matching to identify potential fraud

6.2 Prevent

'Making the best use of technology'
'Enhancing fraud controls and processes'
'Developing a more effective anti-fraud culture'
'Communicating its' activity and successes'

Preventing losses from occurring in the first place is a crucial strand of a robust Anti-Fraud strategy. Preventative measures make offences more difficult to carry out. These preventative measures establish physical, logical and procedural barriers to discourage fraud and corruption by implementing proportionate countermeasures to prevent or reduce fraud risk.

This includes:

- Assessing the system of internal control in preventing and detecting fraud, bribery and corruption
- Effective segregation of duties
- Effective recruitment and selection of employees including robust checks in terms of proprietary and integrity
- Conflicts of interest are flagged via the Declaration of Interests protocol

We commit to the following priorities

- Ensuring that anti-fraud controls are considered when developing new systems and processes
- Making new staff aware of their responsibilities as part of the induction process
- Human Resources and Management to undertake robust due diligence checks in respect of contracts, contractors, agency staff and direct employees
- Implementation of a corporate fraud awareness training package and targeted training aligned to risk
- Managers to ensure that there are robust control measures in place to prevent fraud and corruption
- Work collaboratively with both internal colleagues and partners to help prevent fraud
- Ongoing participation in the National Fraud Initiative data matching exercise
- Promoting a culture of good governance and personal/ethical conduct
- Ensuring that there are effective reporting arrangements
- Encouraging employees and elected Members to raise genuine concerns through the appropriate channels
- Communicate successful outcomes across the organisation to act as a deterrent
- Proactively share fraud alerts, scams and emerging fraud risks with staff

6.3 **Pursue**

'Prioritising fraud recovery and use of civil sanctions'.
'Developing capability and capacity to punish offenders'.
'Collaborating across geographical areas and sectoral boundaries'.
'Learning lessons and closing the gaps'.

The Council is working to provide a robust fraud response and deter others. It is important in maintaining an anti-fraud culture that all offences are dealt with in a consistent manner.

- Taking robust and appropriate action to investigate, punish and recover funds from those who seek to defraud them
- Seek the strongest available sanctions against any member of the public, contactor, Member or employee who commit fraud. This may include prosecution and additionally, for employees, disciplinary action
- The Council will work with other public authorities, including the Police and The Department for Work and Pensions (DWP)
- Information will be shared to prevent, detect and investigate acts of fraud against the public purse
- The Councils will seek to recover any funds or assets that have been lost, as a result of fraud, utilising the Councils debt recovery procedures
- Reflect on lessons learned where fraud and error have occurred and consider improvements to control measures to reduce the risk of re-occurrence

6.4 **Protect**

'Recognising the harm that fraud can cause in the community'.
'Protecting itself and its' residents from fraud'.

By adopting the principles of govern, acknowledge, prevent and pursue, the Council can protect itself from fraud and the harm that fraud can cause to both the Council and its residents.

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- Seek the strongest available sanctions against any member of the public, contactor, Member or employee who commit fraud. This may include prosecution and additionally, for employees, disciplinary action
- The Council will work with other public authorities, including the Police and DWP

- Information will be shared to prevent, detect and investigate acts of fraud against the public purse
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7 Reporting

7.1 The Fraud Response Plan (Appendix 1) defines the way in which the Council applies its various policies and procedures to suspected instances of theft, fraud corruption and bribery both staff and non-staff related.

Appendix 1

Maldon District Council Fraud Response Plan

1. Introduction

1.1 The Fraud Response Plan defines the way in which the Council applies its various policies and procedures to suspected instances of theft, fraud corruption and bribery both staff and non-staff related. It fits in with and is designed to be read in conjunction with the Council's Anti-Fraud and Corruption Strategy and associated documents including:

- Money Laundering Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing / Confidential Reporting Policy
- the Sanctions and Prosecutions Policy and
- the Corporate Enforcement Policy.

1.2 The aim of this plan is to provide clear guidance for dealing with these issues, access to rapid relevant advice and a guide for managers on how to react and deal with suspicions of fraud, theft, corruption and bribery.

1.3 Additionally, it seeks to give a brief outline on how investigations will be progressed (although no detail will be given regarding investigation techniques etc.).

1.4 The Fraud Response Plan is designed to ensure timely and effective action in the event of suspected fraud by:

- Seeking to minimise the extent of the fraud by taking prompt action
- Preventing further losses where fraud had occurred
- Maximising the recovery (or the chances of recovering) any financial losses
- Ensuring the accuracy and integrity of evidence for successful criminal prosecution and / or disciplinary action
- The early identification of any system weaknesses and the lessons to be learnt for preventing them in the future
- Maximising positive publicity where frauds are discovered and dealt with.
- Deterring others from any illegal / inappropriate conduct they may be committing or contemplating.

1.5 Concern of corruption, bribery, theft or fraud can be reported by in person, by telephone, in writing (marked private or confidential) or using the appropriate e-form

2. First Response

2.1 Where managers suspect a staff member of fraud or their involvement in a fraud is taking place, the first course of action **must** be to contact a member of SLT, the Section 151 Officer or Deputy. Although Housing Benefit fraud is investigated by the DWP, where a suspicion occurs of a staff member's involvement in a Housing Benefit (including Local Council Tax Support) fraud, the above steps must still be followed.

2.2 All other suspicions of fraud (including Local Council Tax Support) must be reported to the Section 151 Officer or Deputy. Suspicions involving State Benefits can be reported directly to The Department for Work and Pensions (DWP) via their website (www.gov.uk/report-benefit-fraud) or by calling the National Benefit Fraud Hotline on 0800 854440 or by text phone on 0800 328 0512.

2.3 In usual circumstances, the Section 151 Officer or Deputy will assess the risk and undertake an investigation if appropriate.

2.4 The Section 151 Officer or Deputy retains overall responsibility for the conduct of the investigation; however, it is probable that the matter will be allocated to another senior officer to undertake any investigation. They must be independent of any service area under investigation. Where required fully trained and accredited investigators holding the qualification of Accredited Counter Fraud Officer / Specialist will be commissioned to investigate.

2.5 There may be circumstances where it is appropriate for managers to undertake some preliminary enquiries to ascertain the validity of an allegation or irregularity (for example, to establish whether on the face of it, there is a case to be investigated), however before embarking on such action, advice should always be sought from Section 151 Officer or Deputy as such action may alert the fraudster and could result in the concealing or destroying of vital evidence or compromise the investigation and the collection of further evidence.

2.6 In cases of suspected fraud involving a staff member, the investigating officer will liaise and work with Human Resources at the earliest available opportunity on disciplinary matters such as suspending the staff member to enable further investigation and protect vital evidence.

3. Initial Enquiries

3.1 As stated above, the manager may make discreet initial enquiries to:

- Determine any facts that gave rise to the suspicion.
- Examine any factors to determine whether there has been a genuine mistake made or whether an irregularity has occurred.

3.2 Any actions and findings should be clearly recorded and documented ensuring that access is restricted (for example, not held on an "open" area of the computer network or in the case of paper notes, making sure they are securely locked away).

3.3 It is important that the suspected perpetrator is not interviewed at this stage nor any allegations / suspicions put to them. If in doubt at any point, the manager must seek the guidance of the Section 151 Officer or Deputy.

4. Formal Investigation

4.1 If a formal investigation is required, it will be conducted by a qualified Investigator who will be appointed by the Section 151 Officer or Deputy. The nature of the investigation, lines of enquiry followed and evidence obtained will vary depending on the irregularity being investigated and will, for the most part be fluid and reactive.

4.2 Generally, however, the investigating officer will be seeking to gather evidence by way of interviews, the taking of written witness statements and the obtaining of evidence be it physical, documentary etc.

4.3 In cases of suspected staff fraud, the investigating officer will consult and take advice from Human Resources particularly on matters regarding employment law, policies and procedural matters. It is imperative however, that a clear distinction must be made in these circumstances between those advising the investigating officer and those advising the staff member.

4.4 Legal Services will be consulted as appropriate to advise or seek external advice to support any investigation.

4.5 Any investigation will be conducted with full compliance with The Criminal Procedures and Investigations Act 1996 which governs the conduct of a criminal investigation (such as obtaining and recording evidence etc.) as well as any other legislation that may apply such as The Police and Criminal Evidence Act 1984 (PACE), The Regulation of Investigatory Powers Act 2000 (RIPA), The Human Rights Act 1998 and Data Protection Act etc. (this list is meant as an example and is not exhaustive).

4.6 In general terms however, the following principles will apply to the investigation:

- Any investigation will be conducted promptly (subject to evidence gathering activities) with periodic updates given as appropriate to the Section 151 Officer or Deputy and / or the Director of the relevant service
- All actions and evidence will be recorded either by written or electronic means and stored securely with access given purely on a “need to know” basis
- Enquiries and evidence gathering activities will be undertaken as discreetly as possible with sensitivities observed where appropriate
- Confidentiality will be maintained throughout with information only shared where circumstances and the law allow.

4.7 Where it is considered appropriate, the investigation may involve the input of other agencies such as local authorities as well as other law enforcement agencies such as the Police and HM Revenue & Customs. Liaison and / or joint working will be conducted in accordance with established guidelines and protocols.

4.8 The investigating officer must not and will not accept any offer of repayment of monies or resignation at any stage during the investigation, however any such offers will be noted and recorded on the investigation file and reported to the Section 151 Officer or Deputy The Council has a right to suspend any employee involved pending the outcome of an investigation. Any such suspension, is, in the opinion of the Council, a neutral act and does not imply any guilt on behalf of the suspended employee. The suspension of an employee can, in some circumstances aid the speed in which an investigation can be conducted and serve to preserve vital evidence.

4.9 When suspects are not suspended, supervision of the employee will usually need to be increased, and any manager should seek the advice of Human Resources and ICT on how this can best be accomplished.

5. Actions following the completion of an investigation

5.1 Upon the completion of an investigation, the investigating officer will report their findings in the first instance to the Section 151 Officer, who will (in staff related cases) in turn, make the findings known to Human Resources and the relevant Director.

5.2 Should any control weaknesses be identified, the Director and relevant manager will be informed and remedies actioned immediately. The Section 151 Officer or Deputy will be able to provide advice and support regarding effective control mechanisms.

5.3 Should there be disciplinary issues identified as part of the investigation, a full report will be made to Human Resources who will work with the relevant Director and manager to decide what happens next. Should any course of action result in a disciplinary hearing, the investigating officer will (if required) make themselves available to give evidence at the hearing.

5.4 Although some organisations delay the bringing of any disciplinary action pending the outcome of any criminal prosecution, the Council will seek to deal with any disciplinary matters using the appropriate processes.

5.5 Should it be the case that criminal action presents itself as an option, this decision will be fully explored and subject to the Council's Fraud Sanction and Prosecution Policy.

5.6 Should fraud be proven, the Council will make look to recover any monetary losses. The method of doing so may vary depending on the type of loss and relevant legislation, however all options will be explored including civil court proceedings and in the case of criminal prosecution, proceedings brought under The Proceeds of Crime Act 2002.

6. Record-keeping

6.1 We must keep financial records and have appropriate internal controls in place which will evidence

- the business reason for making payments to third parties.
- appropriate accounting arrangements

Appendix 2

Definitions

What is fraud and corruption

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud and corruption as:

Fraud – "*the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain*".

Corruption – "*the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person*".

In addition, fraud can be defined as "*the intentional distortion of financial statements or other records by persons internal or external to the authority, which is carried out to mislead or misrepresent".*

Fraud can be broadly described as acting dishonestly with the intention of making a gain for themselves or another, or inflicting loss (or a risk of loss) on another, including:

- Dishonestly making a false representation
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006

The Fraud Act can be found here Fraud Act Legislation and this Act gives a broader scope to the definition of Fraud. Corruption is the dishonest, fraudulent or criminal use of entrusted authority or power for personal gain or other unlawful or unethical benefits.

Theft

The Theft Act 1968 defines theft as dishonestly appropriating property belonging to another with the intention of permanently depriving them of it.
Within Councils theft is taking any property belonging to the Councils or which has been entrusted to it including cash, equipment, vehicles and data. Theft does not necessarily require fraud to have been committed. Theft can also include the taking of property belonging to staff/members whilst on Council property.

Bribery

The Bribery Act 2010 defines bribery as "the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages whether monetary or otherwise".

More details of offences under the Bribery Act 2010, definitions of 'facilitation payments', 'kick backs' and 'third parties' and the Council's approach to Bribery can be found with the Anti Bribery and corruption policy.

Economic Crime

The Government's Economic Crime Plan 2019 agreed a common language across the public and private sectors regarding economic crime. This policy recognises the increase in economic crime which refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator to cause loss to others. This can include fraud against the individual, private and public sectors, terrorist financing, sanctions contravention, market abuse, corruption and bribery, and the laundering of proceeds of all crimes.

The Economic Crime and Corporate Transparency Act 2023 includes the offence of failure to prevent fraud which is to ensure that organisations are effectively held to account for committing serious crimes. Organisations become criminally liable if they profit or benefit from fraud committed by their employees or by a person associated with the council. The Act only applies if organisations are categorised as 'large', meeting two out of three of the following criteria:

- More than 250 employees
- More than £36 million turnover
- More than £18 million in total assets

Under this offence, an organisation will be liable where a specified fraud offence is committed by an employee or associated person, for the organisations benefit, and the organisation did not have reasonable fraud prevention procedures in place. The person could be prosecuted for the offence, and the organisation can be prosecuted for failing to prevent the fraud with sanctions administered, including unlimited fines.

An organisation does not need to actually receive any benefit, either financial or non-financial, for the offence to apply – since the fraud offence can be committed before any gain is made. It is enough that the organisation was the intended beneficiary.
The specified fraud offences are:

- Fraud offences under Section 1 of the Fraud Act 2006 including:
    - Fraud by false representation (Section 2)
    - Fraud by failing to disclose information (Section 3)
    - Fraud by abuse of position (Section 4)
- Participation in a fraudulent business (Section 9 of the Fraud Act 2006)
- Obtaining services dishonestly (Section 11 of the Fraud Act 2006)
- Cheating the public revenue (Common Law)
- False accounting (Section 17 of the Theft Act 1968)

- False statements by company directors (Section 19 of the Theft Act 1968)
- Fraudulent trading (Section 993 of the Companies Act 2006)

Money Laundering

Money laundering is the process of channelling ‘bad’ money into ‘good’ money in order to hide the fact that the money originated form criminal activity.

More information about Council’s approach to Anti Money Laundering can be found with the Anti Bribery and corruption policy

Facilitation payments

Facilitation payments, also known as "back-handers" or "grease payments", are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example, by a government official). They are not common in the UK but are common in some other jurisdictions.

What are kick backs

What are kickbacks

Kickbacks are typically payments made in return for a business favour or advantage.

Who are third parties

Third party means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.