



# **COUNTER FRAUD & CORRUPTION STRATEGY**

**2020 - 2023**

## Forward by the Chief Executive

Selby District Council has set ambitious goals to improve both the organisation and the district for the residents, businesses and visitors we serve. We are funded through council tax, business rates, housing rents and other sources. We recognise that to achieve our aims in a climate which requires savings to be made, these funds must be protected and used appropriately.

The Council Plan 2020-30 highlights our key ambitions and our approach to delivering these. We want to ensure Selby district is a great place to **LIVE, ENJOY** and **GROW** while making sure the council delivers **GREAT VALUE**. To achieve this we have determined a number of priority areas including affordable homes, community safety, attracting new businesses and investment, and maximising value for money. Money lost to fraud is funding that cannot be spent on providing services and investing in our future.

Selby District Council have been recognised on the national stage for good practice. We want our approach to fraud to continue this trend. We have a clear and straightforward message – the Council will not tolerate any fraud or corruption against it.

This strategy sets out the measures the Council will take to develop its arrangements to tackle fraud and corruption. We will seek to identify areas where fraud may occur and limit opportunities for fraudsters to exploit the Council. Where fraud is suspected we will investigate robustly, and where it is proved will utilise all measures available to us to deal with criminals and recover any losses.

**Janet Waggott**  
**Chief Executive**

## Introduction

- 1 All organisations are at an increasing risk of fraud and corruption. In 2018 the number of fraud offences rose by 12% to 3.6 million which equates to one third of all crimes in the UK.<sup>1</sup> The most recent report into the cost of fraud against local authorities estimates it as being as high as £7.8 billion (total fraud against the UK public sector is estimated to be £40.4 billion).<sup>2</sup> The risk of fraud continues to grow and where fraud used to be undertaken at a local level it increasingly originates nationally and internationally.
- 2 The full and final effects of the Covid-19 pandemic are not known at the time of writing this strategy, however, there has already been a considerable impact on local authorities. The Council has had to make changes to the way it works in order to provide effective services for its citizens and to achieve its overall aims. The Council have been tasked with distributing a number of central government funded grants and payments designed to support business and residents impacted by Covid-19. Government departments have required the council to implement suitable counter fraud measures to protect these public funds. Unfortunately attempts by organised criminals have targeted local authorities regionally and nationally alongside local opportunistic individuals. It is essential that the Council minimises losses caused by fraud to maximise the money it has available to provide services.
- 3 This strategy outlines how the Council will assess the risks of fraud and corruption that it faces, strengthen its counter fraud arrangements, and tackle fraud where it occurs. It has been prepared to reflect the national collaborative counter fraud strategy for local government in the UK, Fighting Fraud & Corruption Locally – A Strategy for the 2020s.
- 4 The strategy has been reviewed by the Audit and Governance Committee as part of its responsibility for considering the effectiveness of anti-fraud and anti-corruption arrangements at the Council. The strategy and action plan are reviewed annually.

## Our aim

- 5 Fighting Fraud & Corruption Locally recommends Councils consider the effectiveness of their counter fraud framework by considering performance against the four key themes set out below. The Council's aim is that by 2023 it will have maintained and improved its arrangements in these areas.
  - **Govern** – Ensure that the Council has robust arrangements and executive support to ensure that anti-fraud, bribery and corruption measures are embedded throughout the organisation.

---

<sup>1</sup> Economic Crime Plan 2019-2023, HM Government

<sup>2</sup> Annual Fraud Indicator 2017, Crowe Clark Whitehill

- **Acknowledge** – Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.
- **Prevent** – Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
- **Pursue** – Punishing fraudsters and recovering losses, developing capability and capacity to investigate fraudsters.

### **Current arrangements and action required**

- 6 The Council already has good arrangements in place that satisfy many of the recommendations made in the new national strategy. For example:
- The Council has a strong counter fraud policy framework in place (e.g. counter fraud and corruption, whistleblowing, and anti-money laundering policies) which are embedded throughout the organisation.
  - The risk of fraud is considered annually and this assists in setting priorities for counter fraud work.
  - Control environments in high risk areas (e.g. financial systems) are regularly scrutinised by internal and external audit.
  - Technology is used to detect fraud.
  - The Council employs trained counter fraud professionals to investigate fraud and does not hesitate to take strong action where warranted.
- 7 However, as the capability and capacity of the Council to prevent and detect fraud has increased, so has the ability and reach of fraudsters. It is easier today for a criminal to commit fraud remotely than it was when the last Council counter fraud strategy was adopted. It is therefore important to continue to develop counter fraud arrangements to meet this evolving threat.
- 8 The national Fighting Fraud & Corruption Locally strategy (see checklist at Appendix 2 of the national strategy) recommends that councils should promote an anti-fraud culture within the organisation through regular training sessions with staff; updating them on new and emerging threats. Councils should share counter fraud news and results internally through a strategy endorsed by its communications team. Councils should continue to develop their use of technology, e.g. data analytics and matching exercises, to help prevent and

detect fraud. All of these recommendations are now actions in the Counter Fraud and Corruption Strategy Action Plan.

- 9 The Fighting Fraud & Corruption Locally board has formed a number of working groups across the country to look at different areas of counter fraud work to make recommendations to the board. The board may then convey these recommendations to central government. It is recommended that Councils participate in these working groups regionally and nationally to promote counter fraud work.
- 10 During the past four years, over the lifespan of the previous counter fraud strategy, the Council's counter fraud framework has been strengthened to meet national guidelines. Individual actions have been agreed annually and there are a number of ongoing activities that now happen as a matter of course. Details of actions completed under the previous strategy are contained in Annex 2.
- 11 A new Counter Fraud and Corruption Strategy Action Plan has been created and is detailed in Annex 1. It comprises ongoing activity established under the previous strategy, outstanding actions from the previous strategy and new actions linked to this strategy suggested by Fighting Fraud & Corruption Locally strategy.

### **The counter fraud policy framework**

- 12 This strategy is part of the Council's overall framework for countering the risks of fraud and corruption. Further detailed information can be found in other policies and procedures including:
  - Counter Fraud and Corruption Policy - this sets out responsibilities for counter fraud and investigation work, the actions the Council will take in response to fraud, and its policy on sanctions.
  - Anti-Money Laundering Policy - defines council responsibilities in respect of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007.
  - Whistleblowing Policy - arrangements for Council staff to raise concerns; confidentially if required.
- 13 The strategy also links to, and is supported by, wider Council policy and procedures covering areas such as:
  - governance
  - employee disciplinary arrangements
  - codes of conduct
  - registers of interest
  - financial regulations

- electronic communications
- information security
- cyber security

# Annex 1: Counter Fraud and Corruption Strategy Action Plan

## New Objectives:

Ref	Action Required	Target Date	Responsibility	Notes
1	Undertake post assurance checks on grant applicants to the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund Schemes.	March 2021	Veritau / Revenues Department	In line with Government guidance, work with Revenues Department to carry out post assurance checks on those who received £10k and £25k Covid-19 grants to identify any fraud and error.
2	Develop communication strategy to publicise counter fraud and corruption news internally.	March 2021	Veritau / Communications Team	Liaise with the communications team to ensure that members of staff are regularly kept informed of counter fraud news and developments.
3	Ensure that up to date policies are in place to enable the council to undertake covert surveillance under the Regulation of Investigatory Powers Act and employee monitoring outside of the Act.	April 2021	Veritau / Legal Department	Covert surveillance and employee monitoring are powerful tools that assist in the investigation of fraud and criminality against and within the council. Up to date policies are necessary for the council to be able to undertake these actions. The counter fraud team will review Council policy and recommend changes to ensure that action can be taken should the need arise.
4	Establish a process for use of new powers under the Investigatory Powers Act.	April 2021	Veritau / Legal Department	Use of the new Investigatory Powers Act powers requires the appointment of an internal authorising officer and a potential update to the Regulation of Investigatory

<b>Ref</b>	<b>Action Required</b>	<b>Target Date</b>	<b>Responsibility</b>	<b>Notes</b>
				Powers Act policy.
5	Create a new data protection impact assessment to enable further data matching at the Council.	June 2021	Veritau / Service departments	An updated data protection impact assessment is required to undertake additional and new data matching at the Council.
6	Participate in Fighting Fraud and Corruption Locally working groups.	September 2021	Veritau	Attend regional and national working groups and report developments to the Audit and Governance Committee.
7	Increase use of the National Anti-Fraud Network (NAFN) services across the council.	September 2021	Veritau	Veritau to promote use of NAFN services to help council departments identify fraud and recover losses.



## Ongoing Activity:

Ref	Action Required	Responsibility	Update	Status
1	Prepare a counter fraud strategy which acknowledges fraud risks facing the council and sets overall counter fraud aims. The strategy should link together existing counter fraud related policies and set out actions required for developing counter fraud arrangements.	Chief Finance Officer / Veritau	The strategy, which was first introduced in 2017. A new counter fraud strategy has been written following the release of an updated Fighting Fraud and Corruption Locally Strategy for local government in 2020.	Annual Review
2	Prepare an updated counter fraud policy to take account of the latest national guidance, and reflecting changes to the councils counter fraud arrangements.	Chief Finance Officer / Veritau	An updated policy was presented to the Audit Committee in January 2017 for comment. The policy was subsequently approved by the Executive in April 2017.  The policy has been reviewed as part of this report. It was updated in 2021 to reflect new guidance from the Attorney General.	Annual Review
3	Undertake a counter fraud risk assessment.	Chief Finance Officer / Veritau	A risk assessment was first undertaken in September 2016. The risk assessment is updated on an annual basis, see appendix C for 2021 update.	Annual Review
4	Participate in regional & local data matching and counter	Veritau	Data matching exercises are undertaken on a rolling basis. The	Ongoing

<b>Ref</b>	<b>Action Required</b>	<b>Responsibility</b>	<b>Update</b>	<b>Status</b>
	fraud exercises.		counter fraud team routinely work on data matching projects to increase the identification of any fraud committed against the council.	
5	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	Veritau	Training is delivered on a rolling basis depending on priorities and emerging fraud risks. Fraud awareness training has been delivered to the housing department this year.	Ongoing
6	Review privacy notices to ensure they make clear that data will be shared for the purpose of preventing and detecting fraud.	Veritau / Service departments	Privacy notices are reviewed ahead of providing data to the Cabinet Office as part of the National Fraud Initiative (NFI) which occurs every two years.	Ongoing
7	Raise awareness of cyber security issues and promote good practice.	Veritau	Veritau will monitor guidance from the National Cyber Security Centre and share with members of staff where appropriate.	Ongoing

## Annex 2: Completed Activities from Counter Fraud and Corruption Strategy 2017-20

Ref	Action Required	Target Date	Responsibility	Update
1	Regularly report to the Audit and Governance Committee on counter fraud activity.	January 2017	Veritau	Regular reporting to the committee on fraud activity was introduced in 2017. Four progress reports and one annual policy review are produced for the committee annually.
2	Review wider governance and other policies (e.g. employee related policies, gifts, interests, financial regulations) to ensure they: <ul style="list-style-type: none"> <li>cover all required areas (e.g. anti-bribery)</li> <li>are consistent with the counter fraud strategy and policy.</li> </ul>	March 2017	Veritau	Council policies are regularly reviewed in the course of Internal Audit work. Reviews to date have not highlighted any potential weaknesses.
3	Launch and promote regional fraud hotline.	September 2017	Veritau	A new 0800 regional fraud hotline number was introduced in 2017.
4	Review council recruitment processes.	September 2018	Veritau	A review of recruitment processes was completed in 2018/19 and found to be robust.
5	Improve prevention and detection strategies for Right to	March 2020	Veritau / Service departments	Working with the housing and legal departments, the counter fraud team have

Ref	Action Required	Target Date	Responsibility	Update
	Buy Fraud			helped to institute a new system of checks on Right to Buy applications to help prevent fraud in this area.
6	Monitor and review upcoming changes to the council tax support (CTS) scheme.	April 2021	Veritau	The council have now moved to a 'banded scheme'. There has been liaison with Veritau around counter fraud measures and any concerns of fraudulent claims will continue to be investigated by the counter fraud team.