



March 2023

Counter Fraud and Corruption Policy

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1 Executive Summary

Torbay Council believes strongly in the honesty and integrity of its members and employees.

The Council expects that all outside individuals and organisations, including suppliers, contractors and claimants, will act towards the council with honesty and integrity. The council will not tolerate fraud, corruption or other irregularities, regardless of the perpetrator. Torbay Council is determined to prevent, deter and detect all forms of fraud and corruption committed against it and take appropriate action where fraud, bribery or corruption is detected.

This policy sets out the requirements for the council in relation to combating fraud, bribery corruption and dishonest dealings within or against the council.

This policy applies to any actual or suspected internal or external fraud, bribery, corruption and dishonest dealing that involves the council, its councillors and staff. It also covers contractor, suppliers, partners, agents and service users.

The Fraud Act 2006 provides a general offence of fraud with three ways of committing it which are by:

- False representation
- Failing to disclose information
- Abuse of position

The Bribery Act 2010 provides two general offences covering the offering, promising or giving of an advantage, and requesting, agreeing to receive or accepting an advantage. It also created an offence of failure by an organisation to prevent a bribe being paid for or on its behalf. In simple terms it is the act of taking or receiving something with the intention of influencing the recipient in some way favourable to the party providing the bribe.

The term corruption is seen as the giving or obtaining advantage through means which are illegitimate, immoral and or inconsistent with employees/councillors duties or the rights of others.

Torbay Council recognises the requirement of a corporate counter fraud function to lead the Council's counter fraud activities and assist the Council to deter, prevent, detect, investigate and pursue all types of fraud affecting the authority.

This includes:

- raising awareness internally and externally.
- maximising income
- minimising loss by pro-active work
- co-ordinating prosecutions for fraud
- complying with legislation and codes of practice

This Policy supports these points and the anticipated outcomes of the unit whilst setting out the Council's commitment and approach to maintain a strong anti-fraud culture across the authority.

The council will take all steps to minimise the risk of fraud, bribery, corruption and dishonesty by ensuring that we;

- carry out appropriate fraud risk assessments throughout all levels of the authority.
- appropriately vet all potential employees prior to their employment with Torbay Council
- have the right culture with council and senior leadership commitment.
- have a robust internal control framework, including clear policies and procedures, which are effectively implemented, monitored and reviewed
- encourage the reporting of suspected wrong doings
- take appropriate action to recover any losses
- publicise cases identified and action taken
- seek prosecutions and impose appropriate sanctions

In a time of financial crisis and increased social demand, it is more important than ever that we protect the council's income, this policy sets out the tools we can and will use to ensure correct and accurate administration of public funds such as investigations, participation in the national fraud initiative and data-matching, internally and externally.

Prevention is widely accepted as the best tool for tackling fraud. Once fraud has entered systems it can be costly, not only to take action, but to recover funds that might have been lost. The Audit Commission has estimated between 3% - 11% fraud and error in the Council Tax system and 20% of blue badges in circulation used to avoid parking charges alone.

This Policy sets to outline to all levels of employees and members, their responsibility to prevent fraud from entering systems with links into some of our other policies and regulations (i.e. financial regulations, procurement policy, recruitment policy).

To assist in instilling an anti-fraud culture across the organisation and to support this document, an on-line fraud awareness course improves awareness and prevention across the organisation and highlights how all services can be a target for fraudsters. To maintain this awareness, all staff are asked periodically to undertake this method of learning.

This Policy is supported by an internal risk register and plan, held by the Corporate Fraud Unit which aims to ensure it identifies circumstances which may expose the Council to risk of loss through fraud, corruption or other eventualities.

As not all fraud or irregularities can be prevented, there is a on-line reporting form available on Torbay Council's web pages. To deter fraudsters, action against proven perpetrators, alongside recovery of any financial loss, is necessary. Torbay Council will seek to take action.

A Corporate Sanction and Prosecution Policy accompanies this Counter Fraud and Corruption Policy which outlines the various penalties/sanctions that can be imposed or offered by the council permitted by legislation.

The publication of these policies aims to highlight that fraud against the authority will not be tolerated.

2 Introduction

Delivering over 700 services to more than 139,000 residents, Torbay Council is one of few large employers in Torbay. In common with other large organisations, both in the public and private sectors, the size, complexity, and general nature of the services provided to our community leaves us at risk to potential losses as a result of fraud and error. Government estimates that £31-£49 billion of public sector money is lost to fraud and error each year.

Torbay Council's Director of Finance has the statutory responsibilities in line with Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations 2015 and the Council's own Financial Regulations to ensure proper administration of Torbay Council's financial affairs.

The Fraud Act 2006 established criminal laws to assist in the fight against fraud by creating a general offence of fraud. It is defined as Fraud by

- False representation
- Failing to disclose information, and
- Abuse of position

Fraud has a direct financial and social harm impact on local people and local taxpayers.

Allowing error into our systems provides opportunities for fraudsters.

Detected fraud and error results can be instructive in identifying trends and emerging risks.

This data can provide an important and robust evidence base for the council to inform a strategic response.

Some possible frauds that the council may incur include:

- **Application:** making an application for any service with incorrect/false details
- **Identity;** submitting false identification documentation, deceased identification, stolen identification, impersonation, false immigration documentation
- **Procurement :** false /duplicate invoices, false suppliers, inflated invoices, mis-use of grant project funding, bid rigging, rotation, suppression
- **Schools:** false invoices, abuse of resources, expenses, overtime, free school meals, transport
- **Insurance fraud;** false slips n trip /pothole claims/multiple claims
- **Social Care fraud;** direct payment budget, bogus carers, false records, deceased relatives not being promptly declared and payments continuing, duplicate care in different are
- **Recruitment;** false CVs, false identity, no right to work in uk
- **Blue Badge** use of a deceased persons badge, disabled persons badge but disabled person is not in the vehicle, stolen badges, counterfeit badges
- **Residential Parking:** permit misuse and counterfeit permits
- **Council Tax;** false single person discount claims, false exemptions, false discounts, false residency, false holiday lettings

- **Business rates;** small business relief, charitable exemptions, discounted properties, empty properties, illegal billboards
- **Concessionary bus passes;** use of 'lost' or 'stolen' or 'deceased passes,
- **Housing Fraud;** false homeless claims and social housing tenancy fraud
- **Employee Fraud:** overstated expenses, false time representations, working while off sick, working elsewhere, recruitment, compensation payments (injury at work), improper payments, breach of procurement rules
- **Electoral Fraud:** false statements by candidates or candidates nomination forms, pretending to be someone else and using their vote, influencing someone against their will, registering to vote under a false name or without someone's consent

Whilst this policy does not in itself prevent the risk of fraud occurring, it sets out the council's commitment and approach to maintain a strong anti-fraud culture.

Torbay councils core values are a commitment to being forward thinking, people orientated and adaptable – always with integrity. In support of those core values, the Council will seek to ensure risk from fraud, error, bribery and corruption is kept to a minimum.

This means questioning our practices and seeking to find innovative solutions to provide new or tighten existing working practices which deter Fraud and Error while protecting or generating income. This policy is separated into the following areas:

- Culture
- Prevention
- Information Security & IT
- Whistle-blowing
- Audit & Fraud
- Awareness and Training
- Detection
- Action
- Operational
- Conclusion

This Policy will not compromise the Council's Equal Opportunities Policy or any obligations as an employer under the Employee Code of Conduct or Members Code of Conduct.

3 Culture

Supporting the opposition to fraud through a non-tolerant approach

The Council recognises that the success of this Policy and its general credibility will depend largely on the effectiveness of:

- Training and responsiveness of all employees throughout the organisation
- The adoption of preventative measures by managers
- Awareness to residents of Torbay
- Corporate Fraud Team
- Prevention and detection
- Torbay Economic Development Company, contractors, consultants, suppliers, service users
- Intelligence infrastructure
- Members
- Response to identified fraudsters

When members or employees reasonably believe that one or more of the following, is likely to, or is in the process of occurring or has occurred, will report it immediately using the council's fraud reporting form or whistleblowing policy

- A criminal offence
- A failure to comply with statutory or legal obligation
- Improper unauthorised use of public or other funds
- A miscarriage of justice
- Maladministration, misconduct or malpractice
- Endangering of an individual's health and safety
- Damage to the environment
- Deliberate concealment of any of the above

All allegations and concerns are taken seriously and investigated in an appropriate manner immaterial of seniority, rank or status and wherever possible, treated in confidence, with integrity and properly investigated.

The Chief Executive, Directors, Divisional Directors, and service managers will report concerns of instances of internal fraud to the section 151 officer and instances of external fraud to Corporate Fraud Manager.

All members, employees, partner organisations and members of the public have an important role to play in dealing with any instance of fraud. The Council encourages everyone to use the fraud reporting form.

Managers are expected to identify risks across their areas of responsibility. Those risks will inform the corporate risk register. Managers can seek, the assistance of the corporate fraud manager if necessary. Working together we will identify appropriate mitigating measures. Managers will ensure those measure are introduced and followed by team members. This is

with the aim to mitigating the risk to fraud. Directors will ensure managers have appropriate controls in place.

When fraud and error happens, following a breakdown in the Council's systems or procedures, Directors and managers will ensure that appropriate improvements are implemented to prevent re-occurrence.

In response to the Money Laundering Regulations 2007 the Council has an Anti-Money Laundering Policy in place and a Money Laundering Reporting Officer.

All business units and public functions have a responsibility to control the risk of bribery or corruption occurring within all levels of the organisation. The responsibility does not rest solely with assurance functions.

Those who defraud the Council, who are corrupt, or where there has been financial malpractice will be dealt with firmly.

4 Prevention

The most efficient and cost-effective way to tackle fraud

Directors and managers will ensure resources are used in preventing fraud in the first instance.

A risk register and recommendations to rectify any system weaknesses will be recorded and monitored via a centralised tracking system.

An enforcement response will pursue fraudsters and deter others.

Where an employee or councillor is suspected of fraudulent behaviour, they will be subjected to investigation, potential disciplinary and criminal sanctions as appropriate.

Directors' responsibilities

Directors are required by Financial Regulations to report all suspected instances of internal fraud to Section 151 Officer or authorised representative (Devon Audit Partnership). Reporting is essential to the success of this policy and ensures the consistent treatment of information regarding fraud to facilitate the proper investigation by the appropriate officer(s).

Depending on the nature of an allegation, the Section 151 Officer will work closely with the director concerned to ensure all allegations are thoroughly investigated and reported on.

Disciplinary procedures will be used to facilitate a thorough investigation of any allegation of improper conduct as well as the holding of disciplinary hearings and dealing with any recommendations and proceedings thereafter.

Following discussion between investigating officers Chief Executive and if appropriate directors a decision will be made whether there are grounds to report the matter to the Police.

Managers' responsibilities

Managers are required to ensure they and their teams adhere to council policies to safeguard the council and themselves.

To ensure their teams undertake the periodic online fraud awareness training.

To accept responsibility for their departments fraud risks and as such must keep an up-to-date fraud risk registers. The register must be used to ensure new risks are identified and mitigating processes are implemented and adhered to. Risk registers must be maintained and undergo periodic review to ensure the councils corporate fraud risk register is comprehensive.

When implementing new systems or providing a new service, the manager has a responsibility to ensure new products, systems or service provision has a fraud risk assessment.

Council's Recruitment and Selection Policy. This policy contains appropriate safeguards on matters such as written references, eligibility to work in the UK and verifying qualifications held. Criminal records of successful candidates are checked where appropriate and considered for recruitment purposes only. It is at the recruitment stage, as far as possible, the honesty and integrity of potential employees is established.

Safeguards to ensure the appropriate documentation is provided as evidence of entitlement to work in the United Kingdom are included in the recruitment process.

All Employees' responsibilities

To adhere to standards set out in the Code of Conduct, which are to Act with honesty and integrity, objectivity, accountability, respect for others, duty to uphold the law, stewardship, leadership.

The Code of Conduct for employees includes adherence to this policy and guidance.

Employees are further governed by the council's Disciplinary procedure which contains reference to disciplinary rules and gives examples of misconduct/gross misconduct and how such situations will be managed.

The role that employees are expected to play in the framework of prevention and detection of fraud is included in staff induction procedures via I-learn as appropriate.

All employees are reminded of their obligation to comply with section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.

Employees must register any interests they have in the departmental register via **Register of Financial and other Interests** available on the intranet. It is the employees' responsibility to ensure information relating to interests remains up to date.

All offers of gifts and hospitality over £25 must be reported via **Registration of Gifts and Hospitality** available on the intranet (regardless if accepted or declined). Each business unit is responsible for maintaining a Register of Gifts and Hospitality and providing those reports to corporate fraud.

All employees have a responsibility to ensure Fraud is prevented from entering Torbay Council's systems and must follow the processes provided to them introduced to prevent and detect fraud and error.

All employees have a role to play in the detection of fraud by ensuring all instances of suspected fraud are reported to the corporate counter fraud team using the fraud reporting form available on the intranet and internet.

Councillors' responsibilities

Councillors are reminded of their responsibilities included in the Constitution. These include

- Members Code of Conduct
- Financial Regulations and contracts procedures
- Local Protocol on gifts and hospitality

These matters are specifically brought to the attention of members in their induction and include the declaration and registration of potential areas of conflict. The Monitoring Officer advises members of new legislative or procedural requirement.

Within 28 days of election or appointment to office, members are required to declare specific information concerning financial and other interests. Members are responsible for notifying the monitoring officer as soon as any change occurs within 28 days of any change occurring.

Members are required to declare interests at all meetings, both internal and external, whether decision making or not.

All offers of gifts and hospitality over £25 must be reported via Registration of Gifts and Hospitality Form available on the intranet.

Members are required to register details of any contracts entered either externally or internally.

Systems

In addition to Financial Regulations and Contract Procedure Rules, the Council's Procurement Policy requires employees to act in accordance with best practice. A procurement toolkit ensures process is consistent.

External services are commissioned by the Corporate Procurement Team who ensures external organisations are aware of the Authority's anti-fraud, bribery and corruption policy.

Managers and employees are made aware of various sources of guidance and acceptable working practices using an on-line package.

Regulations and accounting instructions are in place governing the procedures and responsibilities of employees in relation to the key financial activities.

The Council has developed and is committed to systems and procedures, which incorporate efficient and effective internal controls, and which include adequate separation of duties.

Managers are responsible for ensuring that such controls, including those in a computerised environment, are properly maintained and documented. Their existence and appropriateness is independently monitored by Audit Services in accordance with the approved annual internal audit plan.

5 Information Security and IT

The Council has detailed Information and IT security policies that concentrate on specified areas.

Mandatory I-learn courses provide awareness of Information Governance and Information Security.

All employees and members participate in an IT induction session. Awareness is provided of security issues around network passwords and the Computer Security Policy.

The Council acknowledges that access to the internet is an integral part of many jobs and employees are provided with Internet access at work to enable them to do their job. The council has a policy that employees should only use and get information from the internet for their official duties and responsibilities. Use of internet and email services on Council IT equipment is covered by the Council's Internet and e-mail policies.

Full compliance with policies help the council to manage risk from information security threats, external or internal sources, deliberate or accidental.

The Council will seek to ensure information it shares internally and with partner organisations is appropriate and secure.

6 Whistle-blowing

Encouraging and enabling staff to raise serious concerns

Torbay Council has a **Whistle-blowing policy** to enable employees to raise concerns about malpractice/wrongdoing at an early stage and in the correct way. The Whistle-blowing Policy is used for reporting concerns where the employee holds a reasonable belief that the concern is within the public interest or where the organisation, and/or members of it, may be at risk.

The chief Operating Officer or Audit will notify the Finance, Ethics and Probity Group of matters raised in order for initial investigations to take place and recommendations for action.

The Finance, Ethics and Probity Group is made up of members from the Councils Finance, Human Resources, Audit and Legal Service departments, including the councils monitoring officer.

The Council will do its utmost to protect an individual's identity when they raise a concern and do not want their name to be disclosed. It must be acknowledged by the employee raising the concern though that the investigation process itself may reveal the source of the information and depending on the outcome, a formal witness statement by the individual may be required as evidence in a Court.

In accordance with law, the Council undertakes that no employee who reports a concern in the public interest under this procedure will be subjected to any detriment as a result. In the event that the employee believes they are being subjected to a detriment by any person within the Council, they have the right to raise concerns of harassment via the Council's **Acceptable Behaviour Policy**.

Where allegations are found to be malicious, they will also be considered for further investigation and subject to appropriate disciplinary action. All referrals are treated in the strictest confidence and callers who wish to may remain anonymous.

Should the concern fall outside the scope of the whistleblowing policy, the chief operating officer and the employee will be advised of alternative courses or action to take, for example, to raise the complaint under another policy. If after initial investigation it becomes clear the matter uncovers criminal activity or welfare/safeguarding concerns, these will be reported directly to the police and/or relevant external organisations for further action.

The whistleblowing policy explains in more detail how concerns raised will be dealt with.

7 Audit and Fraud

A robust opposition to fraud

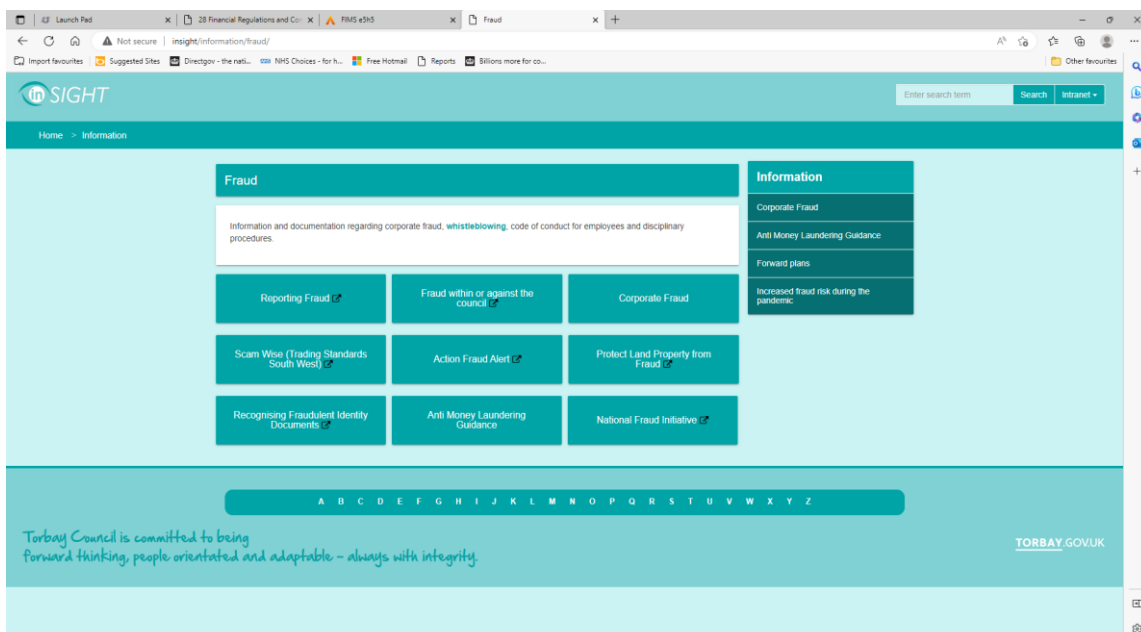
The Accounts and Audit Regulations 2015 part 2 specifies the section 151 officer, on behalf of the authority, must ensure, through internal controls that it has:

- effective financial and operational management
- effective arrangements for the management of risk
- financial control systems which include measures to prevent and detect inaccuracies and fraud
- appropriate management of risk

Internal Audit and Corporate Fraud play a role in reviewing and assessing to ensure that systems and procedures prevent and detect fraud. The Audit and/or Fraud team investigate all cases of suspected irregularity. They will liaise with each other and management to recommend changes in procedures to prevent further losses to the authority.

Corporate Fraud and Audit are responsible for all internal and external fraud investigations. All investigations are conducted in accordance with the requirements of the Human Rights Act 1998, Police & Criminal Evidence Act 1994, Criminal Procedures Investigation Act 1996 and other relevant legislation. In cases where employees are involved, they will work with Human Resources and appropriate senior management to ensure correct procedures are followed and this strategy is adhered to. In addition, there is a protocol for the disclosure of information about employees found guilty of fraud, so that this information can be held on their employee file.

In addition to the whistle-blowing procedure, the corporate fraud team operates an online reporting form.



8 The cost of fraud

The true cost of fraud is not alone financial but also causes inconvenience and sometimes direct harm by depriving individuals in genuine need. It also causes reputational damage.

Council Tax

The Audit Commission estimated between 3% - 11% fraud in the Council Tax system. In line with this estimation, if Torbay can decrease fraud, within the discounts and council tax reduction scheme by the lowest percentage of 3%, an increase in the collection fund of £0.7m.

Bromley Borough Council successfully prosecuted a man for falsely claiming Council Tax exemption and single person discount on his Council Tax, was sentenced to a suspended custodial sentence and ordered to pay substantial costs.

The man was summonsed to attend Bromley Magistrates Court where he pleaded not guilty to three charges under Sections 1(2)(a) and 2(1) of the Fraud Act 2006 of making false representations to make a gain for himself totalling £2,637.65. The case went to trial at Bexley Magistrates Court where he was found guilty and sentenced to 17 weeks imprisonment, suspended for two years on each count to run consecutively totalling 51 weeks. He was also ordered to complete 300 hours unpaid work and ordered to pay costs of £2,700.00 to Bromley Council at a rate of £350.00 a month after the Council Tax debt is cleared.

The Charge-payer had fraudulently claimed a single persons discount and a pastoral disregard by submitting false documentation.

Business Rates

If the same argument is used for small business rates relief a 3% rate equates to £0.1m (although Torbay would only retain a percentage of this figure).

Torbay Council continues to work with the Cabinet Office to develop methods to protect the Business Rates charge base. Previous exercises have been adopted nationally.

Housing

Research published by the Chartered Institute of Public Finance and Accountancy concludes social housing fraud is wide ranging. A pilot undertaking work on Housing Tenancy fraud recovered properties with a value of £1.62 million with 90 properties being recovered each assumed to save £18,000.

Increased demand for bed and breakfast accommodation following Covid- 19 has meant the council spent an additional £1.5 million in this area during 2021/22 and anticipates further ongoing demand in provision for 2023/24 due to the current economic climate. As at 3 October 2022, the total number of people on the Housing waiting list stood at 1621.

Working with our Housing Associations and Subsidiary company to prevent and detect social housing fraud can ensure that those not entitled to social housing are not depriving a family, on the waiting list, of a home.

Birmingham City Council successfully prosecuted a woman who fraudulently claimed a 70% right to buy discount to buy her property while living in a second home that she had owned for over 10 years.

The tenant, who had rented her social property for 34 years, was living at another home she had bought and was renting out her social property. When completing her right to buy application, she failed to declare ownership of her second property.

She pleaded guilty at court and received a 10-week custodial sentence suspended for 18 months together with an 18-month supervision order. The court ruled the whole value of the property, and not just the discount, had been defrauded. The council is seeking to recover the loss under the Proceeds of Crime Act.

Torbay is currently developing its own housing stock via a combination of direct purchase or via TorVista. TorVista, as a subsidiary company will need to implement appropriate controls to prevent fraud and ensure obligations imposed by the Money Laundering regulations are adhered to.

Blue Badge

The value of a blue badge (outside London) is estimated at £500 per annum by the Audit Commission.

Torbay has a total of 8129 blue badges in circulation, 8220 to individuals and 94 to organisations. The National Fraud Authority estimated that around 20% of all blue badges in circulation are abused at a cost of £46 million per annum to local authorities. This means a potential misuse figure in Torbay of up to 1625.

Misuse of a blue badge deprives those with a genuine need from using disabled parking facilities. There is also a knock-on effect to local businesses as it could force individuals to shop or use facilities elsewhere where parking is less of an issue.

A man from Northfleet was found guilty after being caught using a blue badge which had been cancelled. The badge holder had passed away six months previously. The man pleaded guilty of the offence and was ordered to pay £400 fine with £400 costs and a £40 victim surcharge. The maximum fine in such an offence is £1,000.

Free School Meals

The cost of the provision of free school meals by Torbay Council (non-academy schools) is circa £0.3m pa.

Although statistics of fraud in this area are not available, abuse of the system provides a risk to budget provisions.

9. Awareness and training

The continuing success of this Policy and its general credibility will depend largely on the effectiveness of training and responsiveness of employees throughout the organisation.

To facilitate this, appropriate provision is made through induction and refresher training via the Council's on-line I-learn system.

Teams may be invited to participate in targeted training such as training facilitated by The Fraud Team or agencies such National Anti-Fraud Network.

Fraud alerts are provided by partner agencies, these are communicated to employees via the councils communications Team.

Emerging issues are communicated across the authority using the on-line training platform or other media as appropriate. Employees who ignore such training and guidance risk the possibility of disciplinary action.

It is often the vigilance of members, employees and members of the public that enables detection to occur and appropriate action to take place.

Campaigns raise fraud awareness and encourage people to report suspicious activity.

Regular reports submitted to the Audit Committee and high-profile campaigns publicised accordingly.

10 Detection

Members of the public

All members of the public have a role to play in the detection of fraud, bribery, corruption and or dishonest dealings within or against the council.

For all suspected cases of service user fraud and or dishonesty, concerns should be raised by reporting it using the fraud reporting form available on the internet.

All members and employees

All members and employees have a role to play in the detection of fraud, bribery, corruption and or dishonest dealings within the council.

If an employee thinks they have grounds for suspicion of dishonesty, it should be raised with their manager, internal audit or raise it under the whistleblowing policy. Such concerns will, so far as possible, be dealt with confidentially as described by the whistleblowing policy

For suspected cases of service user fraud and or dishonesty concerns should be raised by reporting it using the fraud reporting form available on the intranet and internet.

Audit

Internal Audit may identify fraud and irregularities because of the work they undertake. Included in their plans are reviews of systems, financial controls, specific fraud checks, error tests, spot checks and unannounced visits. The Council's preventative systems, particularly internal control systems, are designed to deter any fraudulent activity.

Torbay Counter Fraud Team

The counter fraud team use data analytics and data matching to identify potential instances of fraud and error. Audit work plans are reviewed to highlight potential frauds before testing an area

Complete comprehensive reviews of areas highlighted by audit tests and the corporate fraud risk register as having poor internal controls to ensure targeted detection and to provide assurance.

Seek to develop new ways to identify frauds and collaborate with national organisations such as the National Fraud Office and Competition and Markets Authority

Torbay and South Devon NHS Foundation Trust

The responsibility for investigating fraud within adult social services has been delegated to the Director of Finance of Torbay and Southern Devon Care Trust. The Trust's Director of Finance is supported in this role by the Torbay and Southern Devon Care Trust Counter Fraud Service. Where appropriate, issues will be discussed with Torbay Council's Corporate Counter Fraud Team to ensure cases are investigated in the most effective manner. The Council's Section 151 Officer receives an annual letter of assurance.

Torbay Development Agency Group of companies

Arrangements for Fraud and Error within this business group is yet to be established.

However, the Torbay Economic Development Group chief executive has this as a target for completion during 2023/24.

Co-operating with others

The exchange of information on national and local fraud activity and its impact on local authorities will be shared with:

- The Police
- Inter Authority Audit Groups
- External Audit
- Her Majesty's Revenues and Customs
- The Department of Works and Pensions
- Borders and Immigration
- Housing Associations

Data Matching

The Council will undertake specific fraud drives where it may use its own data bases such as Payroll, Personnel, Parking, Council Tax, Claimants of Housing Benefit/Council Tax Support, electoral registration, licensing etc.

The Council will exchange information with other agencies such as Police, Benefit Agencies, HMRC and Housing Associations.

The Council will undertake data matching with other Local Authorities and relevant external organisations to pro-actively identify fraudulent activity.

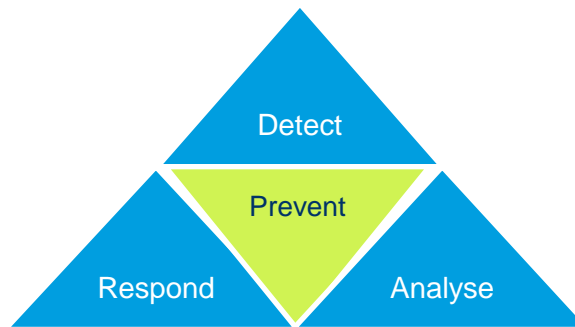
The Council will use National Fraud initiatives, social media, Charities Commission and tracing companies and seek to identify other sources of data as necessary to ensure correct and accurate administration of public funds.

Torbay Council will work with the Cabinet Office to develop methods to prevent fraud to set the path for local authorities across the country, this includes but is not restricted to Public Funerals, Second Home owners occupancy status, Procurement rotation bidding

National Anti-Fraud Network (NAFN)

The Council subscribes to and works with the National Anti-Fraud Network (NAFN) to ensure it has access to all intelligence sources to combat fraud and corruption.

11 Action



Sanction and redress

The Council has developed a Corporate Sanction and Prosecution Policy.

In all cases where the Council has suffered financial loss, it will seek to recover it in full, in addition to costs incurred by the Authority because of pursuing this repayment. As a deterrent and to make public its position about misappropriation of public money or other resources, the Council will seek to publicise successful sanctions in the press and through social media.

Members

The Council will fully utilise its own Standards Committee to promote high standards and regulate the conduct of members.

Staff

If an allegation is made against an employee, the Counter Fraud Officer will consult with Audit, Human Resources and the relevant service manager. Any disciplinary action will be taken in conjunction with HR.

The decision to refer the issue to any other enforcement agency, for example the Police or HMRC will be a joint decision between the Counter Fraud Manager, HR and Service Manager.

Sanctions may include warnings or dismissal.

No Action

A case may be closed without action. This may be due to the following:

- Offence is minor
- Evidence is not robust or reliable
- Cost to pursue the case is not proportional to the offence

The decision to refer the matter on for further action, such as prosecution will be taken by the relevant director in conjunction with Corporate Fraud Manager or Section 151 Officer.

System weaknesses identified because of any investigation will be addressed through an agreed action plan which the relevant service area manager is responsible for implementing.

As appropriate, the Corporate Fraud section will monitor implementation of agreed actions and report progress to the council's Audit Committee.

Contractors

The terms of the council's contracts require that contractors take all reasonable steps, in accordance with good industry practice, to prevent any fraudulent activity by the staff, the contractor (including its shareholders, members, directors) and/or any of the contractor's suppliers, in connection with the receipt of monies from the Authority. The contractor must notify the council immediately if it has reason to suspect that any fraud has occurred or is occurring.

In response to this information, the council will decide how to respond. Its response will usually involve one of the following steps

- Investigation by management/Internal Audit or by disciplinary procedures
- Referral to the Police
- Referral to the external auditor or
- Set up an independent enquiry

At the conclusion of an investigation, the investigator will produce a report. The manager whose responsibility encompasses the area of that investigation must formally accept the report and take the appropriate action (disciplinary or other).

Public and External Organisations

The Council seeks to apply a sanction in all appropriate cases of fraud and attempted fraud.

This will range from financial penalties, official warnings to criminal prosecution.

In all cases, the Council will seek to recover any fraudulently obtained amounts, and where necessary and appropriate, its costs incurred in doing so, and will utilise all means available to recover these amounts. This will include freezing assets, confiscation orders, civil litigation and general debt recovery.

12 Operational

Resources

Dependant on the type of allegation, corporate fraud or internal audit will utilise resources as necessary. Initial intelligence and evidence gathering is necessary to establish if there is grounds to commence a formal investigation. What is reasonable in each case will depend on the particular circumstances.

Any information obtained will be retained in an evidentially secure manner and the confidentiality of the information will also be maintained.

Transparencies

In line with section 53 of the Government's Transparency Code, the following will be made available and updated annually on the corporate fraud web pages

- number of occasions powers under the Prevention of Social Housing Fraud are used (Power to Require Information) (England) Regulations 201444, or similar powers
- total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud
- total number (absolute and full time equivalent) of professionally accredited counter fraud specialists
- total amount spent by the authority on the investigation and prosecution of fraud, and
- total number of fraud cases investigated.

Plan

As an outcome of the corporate fraud risk register, informed by managers own risk registers and corporate fraud investigations, the council will adopt a yearly pro-active counter fraud plan.

Intended in the interest of mitigating the council exposure to risk which may result in loss of revenue or reputational damage, the corporate counter fraud team and audit will make recommendations to managers and use the risk register to inform pro-active work.

Reporting

Suspicious of fraud will be made through the council's fraud reporting form or whistleblowing process

Instances of fraud and whistleblowing will be reported to the Council's Audit Committee every six months.

Delivery

The internal audit team and corporate counter fraud team work side by side to provide the Council's audit and fraud investigation functions. They employ a multi-disciplinary approach that includes pro-active work. In addition, the team are free to work with other agencies in pursuance of anti-fraud.

The ability to report suspected fraud using the on-line reporting form or fraud hotline provides a deterrent to fraudulent activity.

Any instance of fraud reported will be assessed to establish:

- details of the allegation
- If the allegation provides detail to suggest an offence has occurred to warrant investigation
- Elements of the offence to be proved
- Potential Lines of Enquiry

All reported frauds will be treated confidentially and with integrity.

Any documentation obtained or recorded will be kept and maintained in a secure manner in the council's fraud case management system.

Details of investigations will not be released to the reporter.

If a suspect makes a subject access request during an investigation, details of the investigation will not be released as may prejudice the investigation.

In cases where fraud is discovered we will take criminal, civil or disciplinary action or a combination of these. Decisions will be based on council policies and the Code for Crown Prosecutors which includes the evidential and public interest tests for prosecution

The corporate counter fraud team will work in partnership with other organisations such as the UK Borders Agency and the Police.

Training

Torbay Council is committed to preventing fraud and will invest to ensure development and knowledge to minimise the impact from fraud.

Corporate counter fraud officers are trained as Accredited Counter Fraud Specialists.
Supporting roles trained as Accredited Counter Fraud Technicians

Corporate counter fraud team and audit members will partake in regular training and events hosted by companies that specialise in Fraud Prevention such as Chartered Institute of Public Finance and Accountancy (CIPFA).

13 Conclusion

We have a responsibility to the residents of Torbay to be:

- Transparent
- Accountable
- Honest
- Selfless
- Preventing, deterring and promoting detection of fraudulent and corrupt acts
- Taking action when fraud or irregularities occur

The Council has in place a clear network of systems and procedures to assist it in dealing with fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

The Council takes pride in setting and maintaining high standards and a culture of openness, with core values of Forward thinking, people orientated and adaptable always with integrity.

This strategy fully supports the Council's desire to maintain an honest authority, free from fraud and irregularities.

This Policy will be reviewed periodically.