

London Borough of Lambeth

COUNTER FRAUD POLICY

1. Objective of this Policy

- 1.1 This Policy provides a coherent and consistent framework to ensure that:
- Members, employees, contractors and agents are aware of and understand that Lambeth is an ethical organisation which has a zero tolerance approach to all forms of fraud and corruption;
 - Members, employees, contractors and agents understand their responsibilities in preventing fraud and in reporting concerns where they believe fraud may have been committed or is being planned;
 - Residents and other recipients of Lambeth Council (Council) services are aware that fraud will not be tolerated;
 - The Council has in place appropriate procedures for preventing and detecting fraud and in taking robust action to deal with fraud where it is proven.
- 1.2 The Council, as an ethical organisation, requires that all Members and personnel, including permanent and fixed term employees, agency workers and contractors:
- Act honestly and with integrity at all times and to safeguard Lambeth resources for which they are responsible;
 - Comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which Lambeth operates, in respect of the lawful and responsible conduct of activities.
- 1.3 This Counter Fraud Policy and attached Counter Fraud Practice Note, and the Council's Fraud Response Plan apply to all Members, employees, contractors and agency workers and failure to comply with the requirements of the policy and relevant legislation will result in action being considered under the relevant provisions, such as the Codes of Conduct, HR provisions and contract terms and conditions.
- 1.4 Senior management and Members will receive regular reports about fraud referrals, completed investigations and the actions taken where fraud is proven.
- 1.5 The associated Counter Fraud Practice Note and the Fraud Response Plan, which support this Policy will be reviewed on a regular basis and any amendments to the Counter Fraud Practice Note and Fraud Response Plan will be subject to approval by the Director of Finance and Property.

2. Context

- 2.1 Lambeth is one of the most deprived boroughs in the country. Poverty and deprivation is common and a lot of residents in the borough suffer hardship as a result. However, the vast majority of Lambeth's residents are honest and would not consider committing fraud.
- 2.2 Fraud is not a victimless crime as is often perceived by those who commit offences. All taxpayers subsidise fraudsters through higher taxes and services suffer where fraud occurs. Anyone who pays insurance will pay more to cover the cost of those who defraud the system. The same applies to anyone paying a mortgage or repaying any other loan. Greater savings could be achieved to protect front line services if there was no fraud in the system.

3. Strategic approach to fraud

- 3.1 The Council has strategic approach to countering fraud at Lambeth, with 4 key attributes:
- **promoting a counter-fraud fraud culture** and engaging employees, members and contractors in combating fraud and error;
 - **investigating and reporting on identified fraud**, error and debt, seeking appropriate sanctions and redress where fraud is proven;
 - **assessing fraud risk**, identifying the area's most vulnerable to fraud and assisting management to develop effective counter fraud controls; and,
 - **sharing good practice** and developing effective internal and external relationships to combat fraud.

4. Policy statement

- 4.1 The Council is committed to:
- **detering fraud** by publicising the outcome of proven fraud cases and sanctions achieved;
 - **preventing fraud** to protect vital services to its residents and the local community;
 - **investigating and detecting fraud** where concerns are raised, including referral to the police in the most serious of fraud cases;
 - **pursuing all available sanctions** where fraud is proven;
 - **recovering losses** resulting from fraud, including using our financial investigator, in appropriate cases, to recover losses through proceeds of crime legislation and civil proceedings. This will involve applying for unlawful profit orders from the courts to recover profits made by council tenants who have sublet their property; and,
 - **joint working** and liaison with other organisations to investigate fraud and recover losses.
- 4.2 This Counter Fraud Policy is aimed at the minority of residents, employees and other stakeholders (e.g. contractors, grant funded organisations) who feel that it is acceptable to commit fraud against the Council.

- 4.3 The aim of this Counter Fraud Policy and other counter fraud measures put in place by the Council is to develop and embed a strong counter fraud culture and to deter fraud. This will assist the Council in protecting vital services and in managing its resources effectively. As there will always be a small minority who consider fraud to be acceptable, the Council will need to have in place appropriate measures to prevent fraud from entering the system, but where it does occur, officers from our counter fraud teams will act swiftly to detect, investigate and punish those found to have been involved. The Council will utilise all available criminal, civil, regulatory and disciplinary sanctions and will seek to recover all losses.
- 4.4 It is important to point out that this Counter Fraud Policy is aimed at all action taken by any individual or organisation which is designed to facilitate dishonest gain against the Council. This could include theft, fraud, corruption or bribery.

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COUNTER FRAUD PRACTICE NOTE

Fraud

The [Fraud Act 2006](#) came into force on 15 January 2007, creating a new general offence of fraud. The Act identifies three ways of committing fraud:

- Fraud by false representation
- Fraud by abuse of position
- Fraud by failing to disclose information

It is important to note that the Act determines that fraud shall be seen to have been committed where there is a dishonest intention to make gain, cause loss or a risk of loss to another. There is no requirement to actually gain or cause a loss, as long as the intention to do so can be established.

The [Prevention of Social Housing Fraud Act](#) came into force on 15 October 2013 and:

- created criminal offences of unlawful sub-letting by secure tenants and assured tenants of social landlords;
- gave local authorities wide powers to prosecute them;
- created the Unlawful Profit Order, requiring defendants to pay the profits of unlawful sub-letting to the landlord, either following conviction or in civil proceedings;
- provided that assured tenants of social landlords, who unlawfully sub-let or part with possession of their homes, lose security of tenure permanently;

Theft

[The Theft Act 1968](#) defines theft as follows:

'A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

This could mean the theft of cash, equipment, data or vehicles. This does not simply relate to the theft of Lambeth property and includes theft from colleagues.

Corruption

Corruption may be defined as:

'Dishonest or fraudulent conduct by those in power; typically involving bribery'.

Bribery

[The Bribery Act](#) came into force on 1 July 2011. A definition of bribery is provided below:

'An inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage'.

For further information please see Lambeth Council's (the Council's) anti-bribery [policy and procedure](#).

Counter fraud culture

The Council will ensure that an effective counter fraud culture prevails across all council clusters and services. This will be achieved through:

- A strong counter fraud message being delivered to new personnel joining the Council.
- Regular communications to raise awareness, including the use of e-learning resources
- An annual code of conduct declaration completed by all employees.
- Organisational values that reiterates the council's zero tolerance attitude to fraud. This means that all incidents of fraud are to be reported and will be investigated in accordance with established investigation procedures (set out in the Fraud Response Plan).
- Where fraud is proven, the Council is committed to pursuing all available sanctions including; disciplinary action where fraud is committed by staff, criminal/civil proceedings provided under legislation, recovering assets obtained through fraud.
- Providing training to members of staff about the importance of being vigilant to any suspected fraudulent activity, to understand their responsibility to report concerns where they suspect fraud or corruption may be taking place and informing staff about the procedure for reporting such suspicions.

Deterrence

The Council will seek to deter any fraudulent activity by publicising all criminal convictions of those found to have committed fraud against the Council. Press releases will always follow successful prosecutions. In addition the Council will take every opportunity to publicise the number of disciplinary, regulatory or civil sanctions taken against those who commit fraud against the Council.

Prevention

Fraud prevention measures are central to all policies and procedures and where fraud does occur these will be reviewed and revised in order to minimise the risk of fraud entering the system.

Human Resources officers receive training in pre-employment vetting and document identity verification in order to prevent identity fraud amongst Council employees. Staff in other services have also been provided with and trained in the use of document identity verification equipment.

Detection

We will never prevent all fraud as some people will always see committing fraud as an entitlement and will seek new ways of 'beating the system'. The Council has teams of counter fraud officers based within Internal Audit and Counter Fraud. There are also teams employed within Insurance and Parking Services who investigate and take action where fraud is being committed.

National schemes such as the National Fraud Initiative is an example of a nationwide fraud detection tool that identifies many frauds that may have previously gone unnoticed. This is

achieved by matching data from numerous sources to identify discrepancies. Perceived irregularities are then forwarded to local authority and Department for Work and Pensions counter fraud teams to carry out risk assessment exercises and ultimately to conduct investigations.

In addition to specific counter fraud activity, all managers play a major role by regularly checking of work in areas of risk, thus detecting fraudulent activity at the earliest opportunity. Exception reporting will further assist in achieving the identification of fraud. Internal Audit and Counter Fraud also carry out pro-active fraud exercises on areas of perceived risk to identify cases of fraud which would otherwise be undetected or brought to the Counter Fraud Team at a much later stage.

Investigation

The Council's counter fraud officers are accredited counter fraud professionals who have undergone extensive training in the investigation of fraud. Most have significant experience of fraud investigation and have a track record of bringing fraudsters to justice.

Counter fraud officers employed at the Council have far-reaching powers to obtain employment records, bank account records, other financial records, applications for mortgages, credit cards, utility provider information and a host of other records that may be considered to be confidential. Records of this nature can legally be accessed by accredited counter fraud investigation officers where there is a reasonable suspicion of fraud.

Officers will work closely with investigators from other boroughs, the Metropolitan Police, Department for Work and Pensions counter fraud staff, UK Border Agency enforcement staff and a host of other fraud professionals.

Redress

Where money has been lost due to fraudulent activity, the Council will always seek to recover the money along with any penalties that may have been imposed. In recovering overpayments the Council is usually governed by strict guidelines regarding how much can be recovered per week/month when the person repaying the money is in receipt of benefits. Where fraud is established the limitations are usually relaxed allowing swifter recovery of the amount overpaid. In such instances, the Council will always seek to recover as much as possible to ensure the overpayment is repaid as promptly as possible. In addition, where a criminal lifestyle can be established, the Council will seek to recover the fraudster's assets using the Proceeds of Crime Act.

Sanctions

Where fraud is established, the Council will always seek the most appropriate sanction and will ensure that this is imposed. This can take the form of disciplinary action, civil penalties, regulatory action and criminal prosecution. These sanctions are not mutually exclusive and a person found to have committed fraud against Lambeth may find that they receive more than one sanction. For example, a member of staff found to have committed fraud against the Council may be disciplined and prosecuted.

How to report a fraud

If you suspect fraud please report this to:

- The Counter Fraud Manager, Michael O'Reilly (telephone: 020 7926 2993, e-mail: moreilly2@lambeth.gov.uk)
- The Interim Head of Internal Audit and Counter Fraud, Christine Webster (telephone: 07763575612; e-mail: CWebster1@lambeth.gov.uk)
- The Director of Finance and Property (section 151 officer), Christina Thompson (telephone 020 7926 5302, e-mail: cthompson3@lambeth.gov.uk)
- The Counter Fraud Team by e-mail to Investigations@lambeth.gov.uk or by phone on 0207 926 1111 (fraud hotline)
- A Strategic Director, Director or head of service
- A human resources officer
- The Corporate Complaints Unit on 020 7926 0547
- Email: raiseaconcern@lambeth.gov.uk

More information

Detailed arrangements covering all of the above are contained within the Council's Fraud Response Plan which is available to all members, staff, contractors and agents as well as being published on the Council's website.