

# London Borough of Lambeth

## Counter Fraud Policy

### 1. Objective of this Policy

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.

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 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.

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. It may also result in legal action and a referral to the Police as appropriate.

Management Board and Corporate Committee will receive regular reports about fraud referrals, completed investigations and the actions taken where fraud is proven.

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

Poverty and deprivation are common in the borough and a lot of residents suffer hardship as a result. However, most Lambeth residents are honest and would not consider committing fraud.

Fraud is not a victimless crime as is often perceived by those who commit offences. All taxpayers subsidise fraudsters through higher taxes and as a result, 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

The strategic approach is based upon the five key principles identified in the [Fighting Fraud and Corruption Locally Strategy for the 2020's](#):

- **Govern** and have robust arrangements
- **Acknowledge** and understand fraud risks
- **Prevent** and detect more fraud
- **Pursue** and be robust in punishing fraud and recovering losses

- **Protect** against serious and organised crime

#### 4. Policy statement

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 investigators, 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.

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.

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 team 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.

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.

# London Borough of Lambeth

## Counter Fraud Practice Note

### 1. 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 gain or cause a loss if 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.

### 2. 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.

### 3. Corruption

Corruption may be defined as:

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

### 4. 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 the Anti-Bribery [policy and procedure](#).

### 5. Counter fraud culture

The Council will ensure that an effective counter fraud culture prevails across all council 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
- A regular code of conduct declaration completed by all employees.
- Organisational values that reiterate the council's zero tolerance attitude to fraud. This means that all incidents of fraud are to be reported and will be risk assessed, and where appropriate, investigated in accordance with established investigation procedures

- 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 and finally, 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.

## **6. 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, we will take every opportunity to publicise the number of disciplinary, regulatory, or civil sanctions taken against those who commit fraud against the Council.

## **7. Prevention**

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

HR officers may receive training in pre-employment vetting and document identity verification 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.

Counter Fraud is a member of Cifas, the fraud prevention agency, which is a valuable tool in both preventing and detecting fraud.

## **8. 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 Counter Fraud Team is supported by a team of investigators in Parking Services who investigate and act where fraud is being committed.

National schemes such as the National Fraud Initiative are an example of a nationwide fraud detection tool that identifies 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 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. 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.

## **9. 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 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.

## **10. Recovery**

Where money has been lost due to fraudulent activity, the Council will always seek recovery of losses and any penalties that may have been imposed. Where a criminal lifestyle can be established, the Council will seek to recover the fraudster's assets using the Proceeds of Crime Act.

## 11. Sanctions

Where fraud is established, the Council will always seek the most appropriate sanction and will ensure that these are imposed. This can take the form of disciplinary action, civil penalties/proceedings, 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.

## 12. How to report fraud

If you suspect fraud, please report this to:

- Counter Fraud Manager, Michael O'Reilly (020 7926 2993, [moreilly2@lambeth.gov.uk](mailto:moreilly2@lambeth.gov.uk))
- Director of Finance and Property (section 151 officer), Christina Thompson 020 7926 5302, [cthompson3@lambeth.gov.uk](mailto:cthompson3@lambeth.gov.uk))
- Counter Fraud Team by email to [Investigations@lambeth.gov.uk](mailto:Investigations@lambeth.gov.uk) or on 0207 926 1111
- A Strategic Director, Director, Assistant Director or Head of Service
- HR
- Email [raiseaconcern@lambeth.gov.uk](mailto:raiseaconcern@lambeth.gov.uk)

## 13. More information

Detailed arrangements covering the Council's response to fraud are contained within the Fraud Response Plan which is available on Lamnet.

# **London Borough of Lambeth Fraud Response Plan**

**A guide for Lambeth Members, employees, agency workers  
and contractors**

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## Introduction

Lambeth Council (the Council) is committed to protecting public funds by the prevention and detection of fraudulent activity across the Borough. In the current climate of reduced funding and financial hardship it is more important than ever that losses to the Council because of fraud and corruption are kept to a minimum to ensure that our limited resources are used for their intended purpose.

The Council has a reputation for effectively tackling fraud and corruption and has produced several policies demonstrating our commitment to minimising losses. They form the Council's overall counter fraud strategy and aim to inform employees how the Council will deter, prevent, and detect fraud in the Council. Some of these are listed below:

- [Anti-Bribery Policy and Procedure](#)
- [Disciplinary Policy and Procedure](#)
- [Code of Conduct](#)
- [Counter Fraud Policy and Practice Note](#)
- [Money Laundering Policy](#)
- [Whistleblowing Charter](#)
- [Whistleblowing Policy and Procedure](#)
- [Internal Audit & Counter Fraud Charter](#)
- [Counter Fraud and Corruption Strategy 2020-23](#)

The Council employs counter fraud professionals who investigate allegations of fraud and corruption and provide fraud awareness training and guidance to our employees.

The Fraud Response Plan should be read in conjunction with the Council's Counter Fraud Policy and Practice Note.

## Objectives

The objectives of the Fraud Response Plan are to:

- Encourage employees to refer allegations of suspected fraud or corruption.
- Minimise losses across the Council.
- Reduce the occurrence of fraud and corruption entering the system.
- Detect fraud and corruption where it has entered the system.
- Investigate allegations by employing accredited counter fraud officers.
- Ensure that all forms of action are taken against those who commit fraud, including disciplinary and criminal proceedings.
- Use all available means to recover assets and money gained through fraud.
- Provide assurance to employees, senior managers, Members, and residents that fraud will not be tolerated; and,
- Prevent adverse publicity.

## Definition of fraud and corruption

Although there is no precise legal definition of fraud, The Fraud Act 2006 states that a person is guilty of fraud if they dishonestly and intending thereby to make a gain for herself or another, or to cause loss to another, or to expose another to a risk of loss either makes a false representation, fails to disclose information they were under a legal duty to disclose or abuses their position.

Corruption is related to bribery and extortion and may be defined as an inducement or reward, offered, promised, or provided to gain personal, commercial, regulatory, or contractual advantage.

### **The Council's response to fraud and corruption**

The Council takes all forms of fraud and corruption seriously and has put in place policies, procedures, and resources to tackle this problem.

The Counter Fraud team has responsibility for the deterrence, prevention, and detection of fraud. The team employs officers to deal with housing, internal, direct payment, and Council Tax support/discount fraud. There is also a separate team within the Council dealing with allegations parking fraud. Housing benefit fraud at the Council is investigated by the Single Fraud Investigation Team at the Department for Work and Pensions.

Policies, procedures, and processes are reviewed and monitored on a regular basis to ensure that the Council is prepared for changes in legislation or guidance, thus providing a robust service.

Counter Fraud provides various e-learning packages dealing with fraud and other associated issues. These can be found on Oracle by searching 'bribery', 'whistleblowing' or 'fraud'. In addition, there are procedures enabling the referral of allegations relating to bribery, fraud, money laundering and whistleblowing.

### **Roles and responsibilities: Counter Fraud**

Counter Fraud has responsibility for all aspects of fraud and corruption including its deterrence, prevention, detection, and investigation. Counter Fraud conducts investigations into allegations of fraud and corruption, both internally and in relation to incidents committed by residents within the borough. The Counter Fraud Manager has oversight of all counter fraud activities across the Council.

On receipt of an allegation of fraud or corruption, officers will carry out an investigation that may lead to the arrest (with the assistance of the Metropolitan Police) and/or the interview under caution of the person suspected to have committed fraud.

### **Roles and responsibilities: Management**

All line managers, irrespective of grade, have a responsibility to ensure that all allegations of fraud that they are made aware of are referred to the Counter Fraud Manager at the earliest opportunity.

Managers made aware of potential fraud or corruption should not discuss the matter with colleagues or members of their team. It is vitally important that as few officers as possible are made aware of the potential investigation as this will assist in maintaining confidentiality.

### **Roles and responsibilities: Officers making a referral**

An officer making a referral should not discuss the matter with colleagues. It may be appropriate to discuss the matter with their line manager, but any further discussions relating to the allegation should be avoided.

### **Common types of fraud**

There are many different types of fraud and corruption that may occur in a local authority. Those listed below are the ones that are more common.

#### **Internal Fraud (examples)**

- Income
- Payment
- Theft
- Pay/timesheet
- Procurement

## External Fraud (examples)

- Housing/Sub-letting
- Right to Buy
- Insurance
- Blue Badge
- Parking Permits
- Council Tax Support/Discounts
- Business Rates
- Direct Payments

## Fraud indicators

Fraud indicators when taken in context may suggest that fraud is taking place but taking any one in isolation should be avoided. The list below provides indicators that, when several are present, **may** suggest that fraud is being committed. However, it is important that indicators should only be seriously considered when there is strong evidence that fraud or corruption is taking place:

- Sudden change of lifestyle without apparent reason.
- Noticeable personality changes.
- Unexplained and sudden wealth and living beyond their means.
- Refusing promotion.
- First to arrive and last to leave (if working in the office).
- Difficulties in contacting officer when WFH
- Reluctant to take holiday or go off sick.
- Choosing a seat that is difficult to monitor (if working in the office).
- Frequent communication with external parties while at work or on breaks.
- Having too much control or authority.
- Being under external pressure.
- A risk taker or rule breaker.
- Egotistical and scornful of system controls.
- Having cosy relationships with suppliers & contractors.
- Having external business interests.
- Suppliers & contractors insisting on dealing with that person.
- Greedy or driven by financial gain.
- Making enquiries not necessary to their role.
- Customer complaints of missing statements or unrecognised transactions.
- Dormant accounts being suddenly reactivated; and,
- Incomplete job applications containing false or missing documentation.

## Reporting suspicions of fraud or corruption

There are several methods by which Council employees can report suspicions of fraud as detailed below:

If you suspect that some form of fraud has been committed against the Council by an employee or resident of the borough or any other party that has a relationship with the Council, you can tell us about it through one of the following channels:

- Counter Fraud Team, [Investigations@lambeth.gov.uk](mailto:Investigations@lambeth.gov.uk) or 0207 926 1111
- Counter Fraud Manager, Michael O'Reilly ([moreilly2@lambeth.gov.uk](mailto:moreilly2@lambeth.gov.uk), or 0207 926 2993,)
- Email [raiseaconcern@lambeth.gov.uk](mailto:raiseaconcern@lambeth.gov.uk)
- Director of Finance and Property (section 151 officer), Christina Thompson (020 7926 5302, or [cthompson3@lambeth.gov.uk](mailto:cthompson3@lambeth.gov.uk))
- Strategic Director, Director, Assistant Director or Head of Service

## Whistleblowing

Make a referral to

- Email [raiseaconcern@lambeth.gov.uk](mailto:raiseaconcern@lambeth.gov.uk).
- Counter Fraud Manager, Michael O'Reilly ([moreilly2@lambeth.gov.uk](mailto:moreilly2@lambeth.gov.uk) or 0207 926 2993)

## Bribery referral

If you suspect that a bribe has been offered or accepted, you can let us know by using one of the following:

- Counter Fraud Manager, [moreilly2@lambeth.gov.uk](mailto:moreilly2@lambeth.gov.uk) or 0207 926 2993
- Lambeth fraud hotline on 020 7926 1111
- Email [briberyreferral@lambeth.gov.uk](mailto:briberyreferral@lambeth.gov.uk)
- Director of Finance and Property, 020 7926 5302 or [cthompson3@lambeth.gov.uk](mailto:cthompson3@lambeth.gov.uk))
- Counter Fraud Team [Investigations@lambeth.gov.uk](mailto:Investigations@lambeth.gov.uk) or 0207 926 1111

## Money laundering

- [moreilly2@lambeth.gov.uk](mailto:moreilly2@lambeth.gov.uk) (Money Laundering Reporting Officer), 020 7926 2993
- [aemmerson@lambeth.gov.uk](mailto:aemmerson@lambeth.gov.uk) (Deputy MLR Officer), 020 7926 2376

## Do's and Don'ts

✓ Do	✗ Don't
<ul style="list-style-type: none"><li>• <i>Make a written record of your concerns</i></li><li>• <i>Ensure this is forwarded to the relevant person. If you are unsure, please contact Internal Audit and Counter Fraud</i></li><li>• <i>Report your concerns promptly</i></li><li>• <i>Provide a comprehensive record of all information you have on the matter. Information you may feel is irrelevant could be very important</i></li><li>• <i>Securely retain any evidence to support the allegation</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Be afraid to make a referral. The Public Interest Disclosure Act is in place to provide protection to those making referrals</i></li><li>• <i>Share the information with colleagues or peers</i></li><li>• <i>Refer the matter to the Police unless instructed to do so</i></li><li>• <i>Approach the person you suspect to have committed fraud</i></li><li>• <i>Attempt to investigate</i></li><li>• <i>Interfere with any evidence</i></li></ul>

## **The Investigation Process**

Where allegations of fraud are received it is the responsibility of officers employed within the investigation teams to establish the facts surrounding the allegation. The investigation of allegations of fraud is usually process-based and will generally follow specified procedures:

- Referrals may be risk assessed to assist the team in determining the suitability of the case for investigation.
- The allegation will be subject to preliminary checks to establish the accuracy of the information provided and whether further information may be required.
- All investigations conducted will involve gathering and analysis of information and intelligence. Investigations will be planned and managed throughout the process to ensure maximum efficiency and effectiveness.
- Any evidence obtained will be recorded and retained in line with relevant legislation and to consider regulatory and legal considerations.
- Potential avenues of investigation may include gathering digital evidence, surveillance, financial investigations, search and seizure and arrest.
- Where appropriate suspects may be interviewed. This may take the form of an interview under caution under Police and Criminal Evidence (PACE) conditions.
- There may be a requirement to interview and/or take statements from witnesses.
- Other agencies may be involved in the process such as the Department for Work and Pensions, UK Borders Agency, Her Majesty's Passport Office (HMPO) or HM Revenue and Customs.
- Where the investigation involves a member of staff HR will be involved in the process.

## **Potential outcomes**

There are various potential outcomes to an investigation that may impact on the person suspected of committing fraud, the service/cluster they work in or the Council as a whole.

### **The individual**

A person investigated under suspicion of fraud or corruption may result in the following outcomes:

- exoneration, as the investigation may conclude that they have not done anything wrong. However, the investigation may uncover other issues that need to be addressed at team/service/directorate level (see below).
- disciplinary action under the Council's HR provisions, resulting in a warning or dismissal.
- retraining or redeployment into another role; or,
- prosecution in the criminal court or civil proceedings.

The above outcomes are not mutually exclusive, and the conclusion of an investigation may result in one or more of these outcomes being pursued.

### **The Team/Directorate/Council**

An investigation into suspected fraud or corruption may be found to impact on anything from the team to the Council as a whole. Any incidents may highlight deficiencies in corporate policies or procedures such as codes of conduct or disciplinary procedures. Listed below are some of the possible outcomes that may result from an investigation:

- a team/service to be retrained in an element of their work
- policies and procedures to be reviewed if problems are identified

- new practices or policies may be implemented to mitigate against future problems
- contracts may be reviewed or cancelled if an outside body is implicated in an incident of fraud or corruption.

### **Recovery**

Where fraud is proven to have taken place and disciplinary, civil, or criminal action is being taken, the Council will ensure that wherever practicable, it takes steps to recover the assets or funds which have been obtained by the individual because of the fraud. This includes, but is not limited to, recovering council housing properties and blue badges, recovering fraudulent council tax support/discount overpayments, and acting through the courts to recover assets and funds. Fraud committed against the Council may also involve the use of the council's financial investigators. Using designated powers given to them under the Proceeds of Crime Act 2002, financial investigators will apply for restraint, confiscation, and compensation orders from the Courts against those individuals who have benefitted through the proceeds of crime. The Prevention of Social Housing Fraud Act 2013 allows local authorities to obtain a court order for the recovery of profits from tenants who have illegally sublet their council properties.

### **Do Nothing?**

If you have a suspicion that fraud or corruption is taking place, doing nothing should not be an option. We all have a responsibility to protect the funds and assets that the Council needs to deliver services to the residents of Lambeth, and to ensure they are used for their intended purpose. Allowing fraud or corruption to take place will divert resources away from essential services and will line the pockets of a minority who believe that they are entitled to fraudulently obtain money, goods, or services.

**If you have a suspicion, please report it!**