



# Corporate Fraud, Corruption and Compliance Strategy 2024 – 2028

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# 1 Background

- 1.1 This strategy replaces the Corporate Counter Fraud and Compliance Strategy 2017-2020
- 1.2 The Council has a duty to protect the public purse. This strategy sets out the framework for counter fraud and corruption measures in the council and demonstrates our commitment to preventing, discouraging and detecting fraud and corruption whether carried out against the council or from within it.
- 1.3 We recognise that tackling fraud and error is an integral part of protecting the Council's Finances. Any fraud against the council leaves less money to spend on services for residents and costs taxpayer's money. Fraud against the council is not a victimless crime.

# 2 Our Strategic Aims

- 2.1 Our strategy has been developed to incorporate the 'Fighting Fraud and Corruption Locally Strategy 2020s' (FFCL 2020 Strategy) which is the counter fraud and corruption strategy for local government<sup>1</sup>. It provides a blueprint for a coordinated response to fraud and corruption. This details the importance of a culture in which fraud and corruption are unacceptable, fraud risks are understood, fraud is prevented and better detected, and fraudsters are brought to account more efficiently.
- 2.2 The FFCL strategy has been produced by several senior local authority experts working with partners that work with councils on counter fraud activities, such as local authorities, Chartered Institute of Public Finance (CIPFA), Credit Industry Fraud Avoidance System CIFAS, Grant Thornton, Local Government Association (LGA), Society of Local Authority Chief Executives (SOLACE), etc. By reflecting the FFCL approach within our own strategy we will be ensuring we are putting in place a robust framework for managing the risk of fraud and corruption.
- 2.3 Each local authority is self-regulating in respect of how it deals with fraud and error. EDDC has a zero-tolerance approach to fraud and corruption and has a number of policies and controls in place to provide a robust governance framework. These include the Anti-Fraud, Theft and Corruption Policy, the Regulatory Enforcement and Prosecution Policy, Whistleblowing Policy, Anti-Bribery Policy, Employee and Member code of conduct, etc. This strategy sits as part of that wider governance framework.
- 2.4 This strategy also supports the new draft Council's plan (2024-2028) as one of the key themes is having a well-managed, financially secure and continuously improving council that delivers quality services. A clearly defined and robust fraud strategy assists this. Every pound that is lost to fraud and error is a pound that cannot be spent on services where they are needed.
- 2.5 The purpose of this strategy is to support East Devon District Council in becoming more resilient to current threats and those identified in the future.
- 2.6 The strategy's key objectives are to:

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<sup>1</sup> [Fighting Fraud Corruption Locally Strategy 2020s | Cifas](#)

- Further develop an effective anti-fraud culture.
- Understand the harm that fraud can do in our communities.
- Assess and understand the fraud risks faced by East Devon District Council
- Prevent fraud more effectively.
- Make better use of technology to improve our response.
- Share information and resources more effectively.
- Improve the recovery of losses.
- Better detect fraud loss.
- Bring fraudsters to account more quickly and effectively.
- Protect those at risk.

### 3 Definition of Fraud and Corruption

- 3.1 The legal definition of fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.
- 3.2 The Fraud Act 2006<sup>2</sup> describes fraud as the intention to make gain or cause loss under three main headings:
- Fraud by false representation
  - Fraud by failing to disclose information
  - Fraud by abuse of position
- 3.3 Corruption is the dishonest or fraudulent conduct by those in power, typically involving bribery.

### 4.0 Landscape

#### 4.1 National Picture

- 4.2 The following provides details on the national picture:

The 2023 Annual Fraud Indicator (AFI) published by Crowe, Peters & Peters and University of Portsmouth<sup>3</sup> reports:

- Public sector fraud losses estimated to be £50.2 billion for 2021 compared to £40.4 billion for 2017, an increase of approximately 25%. With Fraud losses estimated to be over £50 billion.
- Within the £50.2 billion, fraud in local government (excluding benefits) increased from an estimated £7.8 billion in 2017 to £8.8 billion in 2021/22.
- Benefits and Tax Credit fraud saw an increase of 21% from £2.42 billion in 2017 to £2.93 billion in 2021/22 (this includes Housing Benefit and Council Tax Reduction).
- A further £4.6 billion is lost across several other public sector expenditure streams.

- 4.3 The following table highlights the public sector fraud risks that relate to a lower tier local authority:

Fraud Type	Description	AFI 2013 report (1)	AFI 2017 report (2)	AFI 2023 report (3)
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<sup>2</sup> [Fraud Act 2006 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

<sup>3</sup> [Annual Fraud Indicator | Crowe UK](#)

		Estimated loss	Estimated Loss	Estimated Loss
Housing Tenancy	Fraudulent applications for housing or successions of tenancy, and subletting of the property	£845m	£1,827m	£1,997m
Procurement	Tendering issues, split contracts, double invoicing	£876m	£4,436m	£5,041m
Payroll	False employees, overtime claims, expenses	£154m	£1,075m	£1,164m
Council Tax	Discounts and exemptions, Council Tax Reduction (CTR)	£133m	£60m published for CTR only	Not published
Grants	Works not carried out, funds diverted, ineligibility not declared	£35m	£94m	£153m
Housing Benefit	Fraudulent applications, not declaring changes in circumstances.	£350m	£1,000m	£704m

Figures taken from:

1 – Annual Fraud Indicator June 2013, page 15 - [National Fraud Authority - Annual Fraud Indicator \(publishing.service.gov.uk\)](#)

2 – Annual Fraud indicator 2017, page 17 - [annual-fraud-indicator-report-2017.pdf \(crowe.com\)](#)

3 – Annual Fraud Indicator 2023, page 18 - [Annual Fraud Indicator | Crowe UK](#)

(publication of report changed as National Fraud Authority was disbanded in 2014 and gap filled by Crowe, Peters & Peters and the University of Portsmouth)

4.4 The FFCL Strategy 2020 also highlights other areas of fraud risks for lower tier authorities:

Type	Description
Money laundering	Exposure to suspect transactions.
Right to Buy	Fraudulent applications under the right to buy/acquire
Business rates	Fraudulent applications for exemptions, reliefs, unlisted properties.
Disabled facility grants	Fraudulent applications for adaptations to homes aimed at disabled residents.
Insurance	False claims including slips and trips.

4.5 Our last strategy referenced a report by the European Institute for Combating Corruption and Fraud (TEICCAF)<sup>4</sup> which highlighted the top ten corporate frauds investigated by Councils in 2015/16:

- Housing Benefit
- Tenancy
- Right to buy
- Council Tax
- Business Rates
- Procurement
- Insurance
- NRPF (No right to public funds)

<sup>4</sup> [Corporate counter fraud and compliance strategy 2017 - 2020](#)

- Other
- Councillor /Employee

4.1.5 As part of our strategy we will acknowledge all these different types of fraud risks when developing our delivery plan.

4.1.6 The national picture highlights that Fraud is on the increase and there is no reason to suspect that the local picture will be anything different. The AFI Crowe UK report concludes that understanding the magnitude of the issue should stimulate more action by government, law enforcement, organisations and individuals to tackle the problem.

4.2 Local Picture - East Devon

4.2.1 The AFI indicators do not breakdown the figures by geographical area which means there is no published information specifically in relation to fraud in the Southwest or in Devon.

4.2.2 Part of the work we will be doing moving forward is to record and monitor outcomes of fraud and compliance work so we can start to develop a local picture. We will use South West Audit Partnership (SWAP) audit reports and the Counter Fraud team fraud alerts and proactive fraud work to identify emerging fraud risks, work with other organisations such as Devon Audit Partnership (DAP) to help inform the local threats, and exploring more opportunities for collaboration and developing local benchmarking with Councils that do monitor fraud.

4.2.3 We will also use feedback from the Audit and Governance Committee meetings to inform our approach.

## 5.0 Our Approach

5.1 Our approach will be to use the ‘five key pillars’ under the FFPL 2020 Strategy These are:



5.2 We will also use the six Cs within the FFCL Strategy to ensure our fraud response is comprehensive and effective and consider our performance against each of the six themes:

- Culture – creating a culture in which beating fraud and corruption is part of daily business.
- Capability – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks.
- Capacity – deploying the right level of resources to deal with the level of fraud risk.
- Competence – having the right skills and standards.
- Communication – raising awareness, deterring fraudsters, sharing information, celebrating successes.
- Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation and information.

## 6.0 The Council's Commitment

6.1 To tackle fraud and corruption and reduce the effects of this to an absolute minimum, we have based the Council's commitment on the 5 pillars and incorporated the FFCL checklist into these to ensure consistency with their strategy.

### 6.2 Govern

#### **Govern**

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

We will commit to:

- Setting the tone from the top of the Council with the Strategic Leadership Team championing the fight against fraud and corruption.
- Ensuring Council Members and employees behave in line with the Seven Principles of Public life\*
- Ensuring we are measuring ourselves against the checklist for FFCL.
- Have trained counter fraud resources in our organisation or access to one.
- Engaging with the Audit & Governance Committee where we will provide annual reports on the delivery plan and outcomes of our work.
- Working closely with SWAP and ensuring our external auditor is aware of this.
- Provide half yearly reports to the Strategic Leadership Team on counter fraud activity with measurable outcomes.
- Provide regular reports to our Portfolio Holder on the progress of our Delivery plan.
- Provide training to Members of audit committees and portfolio holder for Finance on counter fraud.
- Anti-fraud mandatory training will be provided to all staff and bespoke training for those areas where the fraud risk is high.
- Maintaining a Whistleblowing register and having procedures and support for those who come forward to report suspected fraud.
- Maintaining a fraud register and hold regular meetings between S151 officer, Monitoring Officer, and Assistant Director responsible for Fraud to review fraud allegations to ensure our approach is in line with our Anti-Fraud, theft and corruption policy.

\* Seven principles: selflessness, integrity, objectivity, accountability, openness, honesty, leadership

### 6.3 Acknowledge

#### **Acknowledge**

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

We will commit to:

- Undertake fraud risk assessments.
- Use appropriate data matching tools available to deter and detect fraudulent activities.
- Adopting best practice and learning from other Authorities in respect of counter fraud and corruption work.
- Horizon scanning of future potential risks.
- Developing a comprehensive delivery plan that takes account of the FFCL checklist.
- Ensuring that all staff understand how, where and when to report suspicions of fraudulent activity.
- Ensuring we have an effective Corporate Anti-Fraud resource with the appropriate accreditation.
- Working with all available internal and external partners and law enforcement agencies with a view to reducing the risk of fraud across all areas of the Council business.
- Maintaining a robust counter fraud and corruption response.

### 6.4 Prevent

#### **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.

We will commit to:

- Supporting proactive counter fraud activity
- Ensuring that the counter fraud and corruption strategy applies to all aspects of the local authority's business and has been communicated throughout the council and acknowledged by those charged with governance.
- Fraud and corruption risks are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies, and initiatives across all council services, and this is reported upon.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- We will put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to the audit committee.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics and other digital tools where possible.

- Using a proactive joined up approach to investigations across the Council and Cross boundary (if appropriate) to help generate income and savings.

## 6.5 Pursue

### **Pursue**

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

We will commit to:

- Giving Fraud investigators unfettered access to documents for the purposes of counter fraud investigation.
- Risk assessing any allegations of fraud or corruption.
- Producing a pre-investigation plan for Fraud allegations
- Consider the use of Compensation orders or the Proceeds of Crime Act to recover profits made by fraudulent means.
- Consider the use of applying sanctions, penalties or prosecuting where it is in line with our Regulatory Enforcement and Prosecution Policy.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business.
- Contractors and third parties sign up to the whistleblowing policy and we obtain evidence of this.

## 6.6 Protect

### **Protect**

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.

We will commit to:

- Carry out regular compliance reviews using a risk-based approach to protect public funds for areas of council business that are susceptible to fraud or corruption.
- Ensuring Strata is following the National Cyber Security Centre guidance and security best practice to make sure the best protection is afforded to the Council's environment. This includes but not limited to security awareness training, back up policy stored off site, software patches regularly updated, antivirus software and firewalls installed, password protection in place including PIN and facial recognition and multi factor authentications (MFA) enabled.
- Any weaknesses in the control environment are identified and steps taken to plug any gaps and improve systems.
- Highlighting potential scams and fraud risks to our residents where it is related to areas of our business.



- Prevention measures and projects are undertaken using data analytics and other digital tools where possible (also covered in Prevent)
- Ensuring legislation, policies and procedures are being followed to protect public funds

6.7 Through our commitment under the five key pillars, we are establishing a resilient framework for governing, acknowledging, preventing, pursuing and protecting the Council's finances and the harm that fraud can do. This in turn helps to safeguard important services to our businesses and residents.

## 7 Our Delivery Plan

7.1 As we are adopting the principles from the FFCL 2020 strategy we will put in place a robust delivery plan:

- The Delivery Plan will be developed in consultation with the Portfolio Holder for Finance.
- Each year the Audit and Governance Committee will review and agree the Delivery Plan
- The outcomes of this work will be reported annually to Audit and Governance Committee
- The Finance Portfolio Holder will be able to shape and inform this work.


7.2 The Delivery plan will address the following areas:

- Carry out a self-assessment against the FFCL checklist to identify areas for improvement to inform our workplan.
- Take account of emerging fraud risks, outcomes from SWAP audits and areas that are highlighted under the national picture as potentially high risk.
- Reflect on new and emerging fraud risks and use risk assessments to highlight business areas to concentrate on.
- At the end of each year we will review the outcomes and these will be used to inform future actions.

## 8 Monitoring and Outcomes

8.1 To ensure our work is accountable, we will monitor, review and report on our outcomes:

- We will produce a Delivery Plan with timelines and SMART objectives.
- Where possible we will record cashable and non-cashable savings\* and ensure our approach is consistent with other Council Fraud teams.
- We will provide an interim report every 6 months to Executive Leadership Team on progress against the Delivery plan.
- We will report to Audit and Governance annually on the outcomes.
- Where possible we will capture data on demographics in-line with our Equality policy to understand any patterns /trends against those with protected characteristics to help inform any adjustments needing consideration.

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- We will measure our performance under the 6 c's:
  - Culture
  - Capability
  - Capacity
  - Competence
  - Communication
  - Collaboration

*\*Non- cashable savings include the right to buy discounts, costs of homelessness associated with the loss of a social housing property.*

*Cashable savings includes; overpayments identified, money not paid out as a result of investigations or it represents 'future expenditure saved' as a result of the intervention.*

## 9 Roles & Responsibilities

Responsibilities of Stakeholders	Specific Responsibilities
Chief Executive (Head of Paid Service)	<p>Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.</p> <p>Ensuring that the authority is measuring itself against the checklist for FFCL.</p>
Director of Finance (S151 Officer)	<p>Responsible for ensuring the fraud risk register is established and reviewed annually and maintained. For external cases this will be managed by the Revenues, Fraud and Compliance Manager and for internal matters for staff the register will be maintained by S151 officer.</p> <p>They will ensure the implementation of appropriate measures to prevent and detect fraud and corruption and that the fraud strategy and fraud delivery plan is consistent with legislation. They are responsible for the Corporate Fraud &amp; Compliance Team ensuring that effective procedures are in place to identify fraud and to promptly investigate. They are also responsible for ensuring progress against annual fraud plans is reported to Executive Leadership Team bi-annually and Audit &amp; Governance annually.</p>
Director of Governance & Licensing (Monitoring Officer)	<p>The Monitoring Officer will ensure a formal code of conduct is established and is widely publicised, a Register of Interests is maintained and the receipt of hospitality</p>

	<p>and gifts covering both Members and officers are recorded.</p> <p>They will ensure that The Public Interest Disclosure Act 1998 (whistleblowing) policy is maintained and available and that officers are able to make disclosures which will be treated diligently and robustly investigated.</p> <p>Responsible for maintaining and reviewing the corporate Whistleblowing Register.</p> <p>To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.</p>
<b>Audit and Governance Committee</b>	<p>To review the assessment of fraud risks and potential harm to the council from fraud and corruption. To monitor the counter-fraud strategy, actions and resources and the Council's approach to tackling fraud and corruption whilst promoting an anti-fraud culture. To review and approve the annual Corporate Fraud delivery plan and consider reports from the Head of Internal Audit/ Revenue Fraud &amp; Compliance Manager on the Corporate Anti-Fraud Team's performance at mid-year and at year-end.</p>
<b>Councillors</b>	<p>To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.</p>
<b>External Audit</b>	<p>Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.</p>
<b>Internal Audit (SWAP)</b>	<p>Responsible for evaluating the potential for the occurrence of fraud and how the organisation manages fraud risk.</p>
<b>Assistant Director responsible for Fraud &amp; Compliance Service / Corporate Fraud &amp; Compliance Manager</b>	<p>Responsibility for the co-ordination of the authorities' anti-fraud and corruption strategy, including the measures in place to govern, acknowledge, prevent, pursue and protect against fraud and corruption activity. Responsible for the Delivery plan including monitoring and measuring outcomes.</p> <p>Responsible for ensuring that a pre-investigation plan is produced, followed and approved (including corporate oversight) for allegations of fraud in line with the Anti-Fraud, theft and corruption policy.</p>

	A key co-ordination role in the National Fraud Initiative (NFI) which is a fraud prevention and detection exercise based around bulk data matching that is led by the Cabinet Office every two years.
Directors, Assistant Directors, Corporate Leads and Service Managers	<p>Responsible for managing the risk of fraud and corruption. To promote staff awareness and ensure that all suspected or reported irregularities are referred to the relevant officer in-line with the Anti-Fraud, Theft &amp; Corruption policy for staff or Member related cases.</p> <p>The public can report via the fraud hotline or via the dedicated fraud email address. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work. Their role in the NFI exercise is to provide data for matching and to analyse the outputs from the matching exercise and take any appropriate action.</p>
Employees	Our employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through well established 'whistleblowing' procedures.

## 10 This strategy accompanies an established framework of internal policies, strategies, procedures and legislation

- ICO Code of Practice for data-sharing
- ICO Privacy Impact Assessment Code of Practice
- Members code of conduct
- Employee code of conduct
- Regulatory Enforcement and Prosecution Policy
- Code of corporate governance
- Anti-fraud theft and corruption policy
- Anti-bribery policy
- Contract Standing Orders
- Financial regulations procedures
- IS01 – Information Security policy
- IT02 – Information protection policy

- Proceeds of Crime Act (Anti-Money Laundering) Policy
- Procurement Strategy
- Recruitment and Selection Policy
- Whistleblowing Policy
- Devon Social Housing Fraud Forum Sanctions Policy
- Devon Home Choice Fraud Strategy
- Theft Act 1978 and the Fraud Act 2006
- Freedom of Information Act 2000
- Data Protection Act 2018
- Police and Criminal Evidence Act 1984
- Regulation of Investigatory Powers Act 2000
- Prevention of Social Housing Fraud Act 2013
- Proceeds of Crime Act 2002
- Money Laundering Regulations 2003 and 2007
- Serious Crime Act 2000

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