

# ANTI-FRAUD AND CORRUPTION STRATEGY 2022/23

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Document Owner:	Maria G. Christofi
Post Holder:	Finance Director
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## 1. Statement of Intent:

- 1.1 The East London Waste Authority (ELWA) is committed to the proper accountability of the public money it controls and condemns fraud and corruption in public life. It requires holders of public office and its employees to comply with all relevant codes, particularly relating to governance and standards of conduct.
- 1.2 ELWA will take the strongest possible action against offenders who commit fraudulent activity both relating to the organisation and services provided to the public. To this end, ELWA will seek prosecution wherever appropriate
- 1.3 In carrying out its functions and responsibilities, ELWA will promote a culture of openness and fairness. It expects that elected members and employees at all levels will adopt the highest standards of propriety and accountability through probity, internal control and honest administration.
- 1.4 ELWA also expects the same level of commitment from all outside individuals and organisations, including partners and contractors and claimants ensuring that they act towards ELWA with honesty and integrity.
- 1.5 ELWA will consider the areas of highest risk, the solutions available and the relative levels of investment needed when determining what proactive or detective actions are required to prevent fraud.
- 1.6 It is a key principle of the CIPFA Code of Practice for managing the risk of fraud and corruption that ELWA's governing body (i.e. the ELWA Members at an Authority Meeting) acknowledges the threats of fraud and corruption and the harm they can cause to the organisation, its aims, and objectives and to its service users. The development, approval, and publication of this strategy contributes to implementing that principle.
- 1.7 ELWA has designated the Finance Director as having overall responsibility for the implementation and operation of appropriate counter fraud arrangements and resources.

## 2. Objectives of the Strategy:

- 2.1 The objectives of the Anti-Fraud and Corruption Strategy are:
  - To ensure that public funds are solely used to meet ELWA's overall strategic objectives and are not lost to acts of fraud and corruption;
  - To reduce the risk of losses from all types of fraud and corruption in all ELWA services and activities to an absolute minimum;
  - To maintain and continually improve an anti-fraud zero tolerance culture amongst Members and staff, creating a strong deterrent effect and an environment which supports work against fraud;
  - To prevent fraud and corruption by designing and re-designing policies and systems which mitigate the risk and impact of fraud;
  - To **maximise the likelihood** that fraud and corruption is detected, investigated and where found, the full range of integrated action is taken including seeking to apply sanctions and recover losses; and

- To promote anti-fraud practices and arrangements with our contractors, partners and the wider community.
- 2.2 This is achieved by adopting the approach as recommended within the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (October 2014).
- 3. General responsibilities in respect of anti-fraud and corruption arrangements:**
- 3.1 ELWA expects all individuals and organisations associated with it to be honest and fair in their dealings with ELWA and its service users. Members and managers are expected to lead by example in this respect, observing the Principles of Public Life as laid down by the Nolan Committee:
- Selflessness
  - Integrity
  - Objectivity
  - Accountability
  - Openness
  - Honesty
  - Leadership

#### Members' Responsibilities

- 3.2 As elected representatives, all ELWA Members have a duty to act in the public interest and to do whatever they can to ensure that ELWA uses its resources in accordance with statute. This is achieved through Members operating within the Constitution, which includes the Member Code of Conduct and Financial Rules.

#### Employees' Responsibilities

- 3.3 Employees have a critical role to play in the prevention of fraud and corruption throughout their daily undertakings and in their general conduct. All employees should be aware of and understand the Officer Code of Conduct and Financial Standing Orders relevant to their position. Failure to adhere to these regulations may result in disciplinary action.
- 3.4 Employees who suspect a fraud or irregularity have a duty to report their concerns to their manager or Director, or in accordance with ELWA's Whistleblowing Policy.

#### Managers' Responsibilities

- 3.5 It is part of each manager's responsibility to consider the risk and impact of fraud and corruption and to design and implement suitable safeguards and internal control to mitigate against these risks.
- 3.6 Where managers have reason to suspect fraud or corruption in their service area or have received a concern from an employee or a member of the public, they should:
- Report the matter immediately to the Finance Director and the London Borough of Redbridge's Head of Audit and Investigations who manages Internal Audit and Counter Fraud services for ELWA in the following ways

- By following this link to our online reporting form <https://www.report-fraud.co.uk/redbridge/fraud>
  - By phoning the Report Fraud line on 0800 633 5267. You can leave a confidential voice-mail message 24 hour a day
  - Contacting the Counter Fraud Team Manager through [Emma.Vick@redbridge.gov.uk](mailto:Emma.Vick@redbridge.gov.uk) or 07741 331040
  - Writing to the Head of Audit & Investigations, Redbridge Town Hall, 128-142 High Road, Ilford, ID1 1DD (Write 'Private and Confidential' on your envelope).
- Not attempt to undertake a formal investigation as this may damage any Internal Audit/Counter Fraud or criminal enquiry; and
  - Share as much known information as possible with Internal Audit/Counter Fraud to inform their enquiries.
- 3.7 ELWA's directors are responsible for promoting and implementing the Anti Fraud & Corruption Strategy (AF&CS).

#### Counter Fraud Team's Responsibilities

- 3.8 In line with the key principle of the CIPFA Code of Practice, and recognising the need for robust counter fraud arrangements, ELWA uses the established dedicated Counter Fraud Team at London Borough of Redbridge to:
- Provide capability to investigate and pursue cases of fraud and or corruption, including seeking financial redress
  - Support managers where needed in minimising fraud-related risk through advice and guidance as managers are ultimately responsible for ensuring effective controls are in place to prevent and minimise fraud.

#### **4. Authority and Access:**

- 4.1 The Constitution gives the Finance Director or their representative access to all documents and records of ELWA and they shall be afforded all facilities and co-operation by Members, Chief Officers and staff to provide whatever information and explanation is deemed necessary to pursue investigations of suspected cases of fraud or corruption.

#### **5. Creating and maintaining a strong anti-fraud and corruption environment:**

- 5.1 All Members and senior officers are required to support and build an anti-fraud and corruption environment within the organisation, including a culture of openness and transparency. ELWA is committed to maintaining the highest standards of conduct and accountability as reflected within its Code of Corporate Governance.
- 5.2 ELWA will support the work to counter fraud and corruption by regularly reviewing the level of resources dedicated to anti-fraud and corruption activity and assessing whether such resources are proportionate to the level of fraud and corruption risk identified.

- 5.3 ELWA will promote an anti-fraud culture through various means so that all those who work for and with ELWA understand that fraud and corruption in any form is not acceptable. It will do this through:
- Robust policies which set out rules, responsibilities and boundaries.
  - Providing continued training and guidance on anti-fraud and corruption matters.
  - Seeking assurances over the level compliance with relevant local policies, codes of conduct and governance and professional standards, and the effectiveness of the internal control environment.
  - Ensuring that there are proper and effective channels for people to raise concerns in confidence and that all concerns are investigated via our Whistleblowing Policy and other related procedures.
  - Taking the strongest actions against those committing fraud and learning any lessons when fraud does occur.
  - Seeking publicity for successful fraud, whether ELWA-specific or relevant LBR prosecutions and/or anti-fraud and corruption campaigns.
- 5.4 ELWA recognises that in order to deliver its overall aims and objectives as well as prevent fraud and corruption it is essential to have proper and effective recruitment of staff. ELWA will therefore undertake pre-employment screening for staff, including agency or any other non-permanent staff engaged.
- 5.5 Staff, including those are not directly and permanently employed will be required to disclose
- Any potential conflict of interest which would be taken into account in accordance with relevant policies and procedures
  - Any gifts or hospitality offered to or by Authority staff including those not directly and permanently employed
- 5.6 ELWA will ensure that staff working on its behalf to delivery counter fraud services have an accredited qualification and continuous professional development to ensure that they have the right competencies and skills to identify and investigate fraud. Those staff will also maintain a personal development plan to ensure any skill gaps are identified and that they are up-to-date with new developments and legislation.
- 5.7 Whenever possible ELWA works in partnership with other local authorities and agencies to combat fraud and corruption. ELWA fully supports and works with a wide range of other organisations, including the police, to share information and intelligence to both provide advance alerts of potential risks and to investigate cases through the partnership agreement with London Borough of Redbridge who undertake this role on behalf of ELWA, as they arise. Partnership arrangements will be supported by Framework Agreements, Memoranda of Understanding or Service Level Agreements, which are focused on the practicalities of common work.
- 5.8 Protocols are in place to facilitate the use of data and intelligence analysis techniques such as the National Fraud Initiative (NFI) data matching exercise and participation in data hubs which match data with other local authorities and credit rating agencies.

**6. Taking action to tackle fraud and corruption:**

- 6.1 Taking both proactive and reactive action to tackle fraud and corruption is key principle of the CIPFA Code of Practice. To demonstrate the action taken, an annual report will be provided to the Management Board and Authority Members on the outcomes of the range of proactive and reactive counter fraud work done. This will be reported in the Annual Internal Audit report.

Prevention and Detection

- 6.2 ELWA will aim to prevent fraud and corruption through raising awareness of the commitment to a zero tolerance towards fraud and corruption. Part of this includes the arrangements to report fraud and corruption, through an effective Whistleblowing policy.
- 6.3 ELWA's overall control framework includes systems and procedures to prevent and detect fraud, such as separation of duties, management reviews and other specific procedures, for example, vetting staff at recruitment and procedures for declaring interests and offers of gifts and hospitality.
- 6.4 As part of its methods to detect fraud, ELWA will conduct specific exercises on known areas of high risk. This includes active involvement in data matching exercises such as the National Fraud Initiative (NFI) conducted by the Cabinet Office.
- 6.5 Independent assurance over the design and effectiveness of the anti-fraud and corruption internal control framework will be obtained through the ongoing programme of Internal Audit reviews. Each Internal Audit review considers the significance of potential risk to the ELWA activity under review from fraud and or corruption to determine the required testing.
- 6.6 Where a fraud has occurred, management must make any necessary changes to systems and procedures to ensure that similar frauds will not recur. Any lessons learnt will be disseminated to all relevant sections where controls are absent or bypassed.

Deterrence, Sanction and Redress

- 6.7 ELWA seeks to deter would-be fraudsters by sending out the strongest possible message that fraud will not be tolerated and in all cases where fraud and/or corruption is proven every attempt will be made to take criminal, civil, and disciplinary action for staff and Members and professional body action as appropriate. Any service area pursuing sanctions within the courts will do so in accordance with ELWA's Sanction and Prosecution policy. This ensures that every effort will be made to recover losses and costs in a consistent manner. Where possible, action will also be taken under the Proceeds of Crime Act and ELWA through its arrangements with LBR has access to the use of an accredited Financial Investigator to facilitate this action. ELWA will publicise cases of successful actions as a warning to others, where appropriate.

Investigation

- 6.8 ELWA will ensure that all stakeholders are aware of their responsibility to report suspected cases of fraud or corruption promptly to the appropriate person for investigation. Where a member of staff is required to provide evidence, they must

comply fully with the requirements of the investigation or may be subject to disciplinary proceedings.

6.9 The investigation of any allegation of fraud and corruption received will be through the agreed procedures of the AF&CS, and Disciplinary Procedures. ELWA must also adhere to the provisions of relevant legislation including the Regulation of Investigatory Powers Act and Money Laundering. ELWA and London Borough of Redbridge will ensure that investigations are only undertaken by authorised individuals who have the relevant level of authority and are trained counter fraud professionals.

## **7. Monitoring and Reporting Success:**

7.1 ELWA will ensure that its approach to managing the risk of fraud is kept up-to-date with developments in best practice and regulatory requirements. The Anti-Fraud and Corruption Strategy will therefore be periodically reviewed and updated as necessary.

7.2 Success will be measured by focusing on the real outcomes achieved from the key actions outlined in this Strategy. The outcomes to be measured will include the following:

- Awareness level
- Fraud investigations (reporting on both any on-going and successful cases)
- Financial losses recovered (cash) and other notional recovery or future receipt of income that would otherwise not be received
- Risks addressed
- Lessons learnt

7.3 The outcomes of anti-fraud work is reported to and monitored by Senior Management, in particular the Managing Director, Finance Director, and Members via reports to Authority meetings. The Internal Audit Annual Report summarises the number and nature of anti-fraud referrals received and any further investigatory work undertaken as a result (for 2021/22 there were no referrals received and therefore investigations undertaken).

## **8. Tackling Fraud – Framework Documents:**

8.1 ELWA has a series of supporting policies which underpin the AF&CS and govern how ELWA deals with all aspects of fraud prevention, detection and investigation. See the separate appendices accompanying this report. Compliance with these is a key component of the internal control environment, creating a strong platform from which to combat the risk of fraud and corruption

8.2 These policies are aligned to the AF&CS and serve to improve ELWA's resilience to fraud and corruption. Those documents and protocols are:

- Whistleblowing Policy
- Anti-Money Laundering Policy
- Anti-Bribery and Corruption Policy
- Sanction and Prosecution Policy

8.3 In addition to internally developed guidelines, there is considerable legislation of direct relevance, including, but not limited to:

- Theft Acts (1968, 1978)
- Police and Criminal Evidence Act 1984
- Computer Misuse Act 1990
- Theft (Amendment) Act 1996
- Proceeds of Crime Act 2002
- Fraud Act 2006
- Regulation of Investigatory Powers Act 2016
- Money Laundering, Terrorist Financing & Transfer of Funds Regulations 2017
- Bribery Act 2010
- Prevention of Social Housing Fraud Act 2013
- Data Protection Act 2018