



COUNTER FRAUD & CORRUPTION STRATEGY

2020 - 2023

Forward by the Chief Operating Officer

City of York Council are the stewards of a world renowned city with a unique history, heritage and culture. We exist to support our residents to have the best quality of life, now and in the future.

Our Council Plan 2019-2023 sets out the challenges we face as well as our goals and aspirations for the council and our residents. We want well paid jobs and an inclusive economy, a greener and cleaner city, good health and wellbeing for residents, safe communities for all, the creation of new homes, a better start for children and young people, and we need to be an open and effective council. We recognise that to achieve our aims in a climate which requires savings to be made, the public funds that we rely on must be protected.

City of York Council has been a leader in developing counter fraud work within the public sector over many years. We have a clear and straightforward message: this council will not tolerate any fraud or corruption.

This strategy sets out the measures the council will take to develop its arrangements to tackle fraud and corruption. We will seek to identify areas where fraud may occur and limit opportunities for fraudsters to exploit the council. Where fraud is suspected we will investigate robustly, and where it is proved we will utilise all measures available to us to deal with criminals and recover any losses.

Ian Floyd
Chief Operating Officer

Introduction

- 1 All organisations are at an increasing risk of fraud and corruption. In 2018 the number of fraud offences rose by 12% to 3.6 million which equates to one third of all crimes in the UK.¹ The most recent report into the cost of fraud against local authorities estimates it as being as high as £7.8 billion (total fraud against the UK public sector is estimated to be £40.4 billion).² The risk of fraud continues to grow and where fraud used to be undertaken at a local level it increasingly originates nationally and internationally.
- 2 Local government has undergone considerable change during the last decade and it has had to quickly adapt to and address unforeseen issues, e.g. covid-19. The council has had to make changes to the way it works in order to continue to provide effective services for its citizens and to achieve its overall aims. It is essential that the council minimises losses caused by fraud to maximise the money it has available to provide services.
- 3 This strategy outlines how the council will assess the risks of fraud and corruption that it faces, strengthen its counter fraud arrangements, and tackle fraud where it occurs. It has been prepared to reflect the national collaborative counter fraud strategy for local government in the UK, Fighting Fraud & Corruption Locally – A Strategy for the 2020s.
- 4 The strategy has been reviewed by the Audit and Governance Committee as part of its responsibility for considering the effectiveness of anti-fraud and anti-corruption arrangements at the council. The strategy and action plan are reviewed annually.

Our aim

- 5 Fighting Fraud & Corruption Locally recommends councils consider the effectiveness of their counter fraud framework by considering performance against the four key themes set out below. The council's aim is that by 2023 it will have maintained and improved its arrangements in these areas.
 - **Govern** – Ensure that the council has robust arrangements and executive support to ensure that anti-fraud, bribery and corruption measures are embedded throughout the organisation.
 - **Acknowledge** – Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

¹ Economic Crime Plan 2019-2023, HM Government

² Annual Fraud Indicator 2017, Crowe Clark Whitehill

- **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.
- **Pursue** – Punishing fraudsters and recovering losses, developing capability and capacity to investigate fraudsters.

Current arrangements and action required

- 6 The council already has good arrangements in place that satisfy many of the recommendations made in the new national strategy. For example:
- The council has a strong counter fraud policy framework in place (e.g. counter fraud and corruption, whistleblowing, and anti-money laundering policies) which are embedded throughout the organisation.
 - The risk of fraud is considered annually and this assists in setting priorities for counter fraud work.
 - Control environments in high risk areas (e.g. financial systems) are regularly scrutinised by internal and external audit.
 - Technology is used to detect fraud.
 - The council employs trained counter fraud professionals to investigate fraud and does not hesitate to take strong action where warranted.
- 7 However, as the capability and capacity of the council to prevent and detect fraud has increased, so has the ability and reach of fraudsters. It is easier today for a criminal to commit fraud remotely than it was when the last council counter fraud strategy was adopted. It is therefore important to continue to develop counter fraud arrangements to meet this evolving threat.
- 8 The national Fighting Fraud & Corruption Locally strategy (see checklist at appendix 2 of the national strategy) recommends that councils should promote an anti-fraud culture within the organisation through regular training sessions with staff; updating them on new and emerging threats. Councils should share counter fraud news and results internally through a strategy endorsed by its communications team. Councils should continue to develop their use of technology, e.g. data analytics and matching exercises, to help prevent and detect fraud. All of these recommendations are now actions in the Counter Fraud and Corruption Strategy Action Plan.
- 9 The Fighting Fraud & Corruption Locally board has formed a number of working groups across the country to look at different areas of counter fraud work to make recommendations to the board. The board may then convey these

recommendations to central government. It is recommended that councils participate in these working groups regionally and nationally to promote counter fraud work.

- 10 During the past four years, over the lifespan of the previous counter fraud strategy, the council's counter fraud framework has been strengthened to meet national guidelines. Individual actions have been agreed annually and a number of new activities were introduced that now happen as a matter of course. Examples of actions agreed and delivered under the previous strategy are the introduction a regional fraud hotline, provision of a counter fraud e-learning package, and the adoption and promotion of a new whistleblowing policy.
- 11 A new Counter Fraud and Corruption Strategy Action Plan has been created and is detailed in annex 1. It comprises ongoing activity established under the previous strategy, outstanding actions from the previous strategy and new actions linked to this strategy suggested by Fighting Fraud & Corruption Locally strategy.

The counter fraud policy framework

- 12 This strategy is part of the council's overall framework for countering the risks of fraud and corruption. Further detailed information can be found in other policies and procedures including:
 - Counter Fraud and Corruption Policy - this sets out responsibilities for counter fraud and investigation work, the actions the council will take in response to fraud, and its policy on sanctions.
 - Anti-Money Laundering Policy - defines council responsibilities in respect of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007.
 - Whistleblowing Policy - arrangements for council staff to raise concerns; confidentially if required.
- 13 The strategy also links to, and is supported by, wider Council policy and procedures covering areas such as:
 - governance
 - employee disciplinary arrangements
 - codes of conduct
 - registers of interest
 - financial regulations
 - electronic communications
 - information security
 - cyber security

Annex 1: Counter Fraud and Corruption Strategy Action Plan

New Objectives:

Ref	Action Required	Target Date	Responsibility	Notes
1	Undertake post assurance checks on grant applicants to the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund Schemes.	April 2021	Veritau / Revenues Department	In line with Government guidance, work with Revenues and Benefits Department to carry out post assurance checks on those who received £10k and £25k Covid-19 grants to identify any fraud and error.
2	Develop communication strategy to publicise counter fraud and corruption news internally.	April 2021	Veritau / Communications Team	Liaise with the communications department to ensure that members of staff are regularly kept informed of counter fraud news and developments.
3	Ensure that up to date policies are in place to enable the council to undertake covert surveillance under the Regulation of Investigatory Powers Act and employee monitoring outside of the Act.	March 2022	Veritau / Information Governance Team	Covert surveillance and employee monitoring are powerful tools that assist in the investigation of fraud and criminality against and within the council. The counter fraud team will work with the council's information governance team to develop policy in this area.
4	Participate in Fighting Fraud and Corruption Locally working groups.	January 2022	Veritau	Attend regional and national working groups (virtually) and report developments to the Audit and Governance Committee.
5	Explore formation of a regional group with the aim of preventing	March 2022	Veritau	A new regional group dedicated to adult social care fraud could be of benefit to the council and other local authorities in the

Ref	Action Required	Target Date	Responsibility	Notes
	and detecting adult social care fraud.			region. This objective has been impacted by covid-19 and the work the pandemic has created within social care departments nationally.
6	Undertake datamatching exercises in relation to adult social care, right to buy, and council tax fraud.	July 2021	Veritau	The council recently agreed a new data sharing agreement and completed data protection impact assessments to enable new datamatching work to begin.

Ongoing Activity:

Ref	Action Required	Responsibility	Update	Status
1	Prepare a counter fraud strategy which acknowledges fraud risks facing the council and sets overall counter fraud aims. The strategy should link together existing counter fraud related policies and set out actions required for developing counter fraud arrangements.	Chief Finance Officer / Veritau	A new counter fraud strategy, to replace the last one from 2017, has been written following the release of an updated Fighting Fraud and Corruption Locally Strategy for local government in 2020.	Annual Review
2	Prepare an updated counter fraud policy to take account of the latest national guidance, and reflecting changes to the councils counter fraud arrangements.	Chief Finance Officer / Veritau	This policy, last updated in 2017, has been reviewed as part of this report. It has been updated in 2021 to reflect new guidance from the Attorney General.	Annual Review
3	Undertake a counter fraud risk assessment.	Chief Finance Officer / Veritau	A risk assessment was first undertaken in September 2016. The risk assessment is updated on an annual basis, see annex 3 for 2021 update.	Annual Review
4	Participate in regional & local data matching and counter fraud exercises.	Veritau	Data matching exercises are undertaken on a rolling basis. The counter fraud team routinely work on data matching projects to increase the identification of any fraud committed against the council.	Ongoing

Ref	Action Required	Responsibility	Update	Status
5	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	Veritau	Training is delivered on a rolling basis depending on priorities and emerging fraud risks. Fraud awareness training has been delivered to the housing department this year.	Ongoing
6	Review privacy notices to ensure they make clear that data will be shared for the purpose of preventing and detecting fraud.	Veritau / Service departments	Privacy notices are reviewed ahead of providing data to the Cabinet Office as part of the National Fraud Initiative (NFI) which occurs every two years.	Ongoing
7	Raise awareness of cyber security issues and promote good practice.	Veritau	Veritau will monitor guidance from the National Cyber Security Centre and share with members of staff where appropriate.	Ongoing
8	Review the extent to which counter fraud risks are identified through service risk management arrangements. Assess whether arrangements can be strengthened with additional specialist counter fraud input (eg through risk workshops).	Veritau / Service managers	Service managers are responsible for maintaining service level risk registers. Fraud risk is considered in some areas but not universally. The counter fraud team is working with council managers to ensure that fraud risks are included within relevant risk registers.	Ongoing
9	Review wider governance and other policies (eg employee related policies, gifts, interests,	Veritau / relevant policy owners	Council policies are regularly reviewed in the course of internal audit work. Any inconsistencies or weaknesses in terms	Ongoing

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	financial regulations) to ensure they: <ul style="list-style-type: none">cover all required areasare consistent with the counter fraud strategy and policy.		of fraud detection and prevention are flagged to the counter fraud team.	

