



East Herts Council

Anti-Fraud and Corruption Strategy

DOCUMENT HISTORY

Version	Date Reviewed	Key Amendments	Date Approved	Next Review Date
Version 1.0	N/A	New Policy	November 2021	November 2024
Version 2.0	January 2026	The revised Anti-Fraud Strategy includes the new Failure to Prevent Fraud offence introduced by the Economic Crime and Corporate Transparency Act 2023 which comes into force on 1 September 2025.	October 2026	October 2028

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East Herts Council Policy Statement on Fraud and Corruption

This strategy applies to:

- All council employees (including volunteers and agency staff) and Councillors;
- Staff and committee members of council funded voluntary organisations;
- Council's partners;
- Council suppliers, contractors and consultants; and
- All council service users, residents and other third parties.

You must:

- Read, understand and comply with the policy
- Be aware of the definitions in relation to fraudulent and related activity, including the various criminal offences they include
- Act honestly with integrity at all time
- Comply with the law (both in spirit and in the letter)
- Not commit any of the offences detailed
- Report any suspicions of these offences being committed
- Develop (where applicable to role) and fully comply with policies and processes to reduce the risk of these offences being committed

East Herts Council (the Council) takes its responsibilities to protect the public purse seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.

This policy outlines the council's attitude to fraud and corruption and the approach to be taken when faced with such matters. The council is committed to the prevention and detection of fraud and corruption, whether from within or outside the organisation.

We recognise fraud can:

- Undermine the standards of public service that the council is attempting to achieve;
- Reduce the level of resources and service delivery for the residents of Hertfordshire; and
- Reduce public confidence in the Council

The aims of this policy are to:

- Be clear that the council will not tolerate fraudulent or corrupt acts by anyone that this policy relates to and will take firm action against those who defraud the authority, who are corrupt or in financial malpractice.
- Provide a consistent framework for employees, Members, and other associated persons, which enables effective deterrence, prevention, detection and investigation of fraud and corruption.
- Detail the responsibilities of associated persons with regards to fraud and corruption.
- Assist the Director of Finance, Risk and Performance in the fulfilment of the role as the council's Section 151 Officer and the Head of Legal, Policy and Governance in the role as the council's Monitoring officer.

- Explain the role of council officers in relation to the prevention of fraud and actively promote a culture of openness and honesty in all dealings. The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct within the Constitution.

The strategy is based upon the Fighting Fraud and Corruption Locally, A Strategy for the 2020's¹, supported by CIPFA, the LGA and SOLCACE, that provides a framework for the Council to adopt in developing its counter fraud activity.

The council will fulfil its responsibility to reduce fraud and protect our resources with a strategic approach based on the four 'Pillars' of **Govern, Acknowledge, Prevent, Pursue**, with an overarching aim of **Protect**: This includes protecting public funds it administers and protecting the Council against fraud and cybercrime.



[Appendix 1 - How the council evidences its Governance & Acknowledges, Prevents, and Pursues Fraud.](#)

Definitions of Commonly Used Terms

Fraud

Fraud is any deliberate and dishonest act of deception intended to make a gain or cause/expose another to a loss. It can include lying (making a false representation), withholding information or failing to declare a change in circumstances, abuse of position, or misusing council resources. Fraud may be perpetrated by persons within

¹ <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>.

or outside the Council and can result in benefit to the offender, another party (including the Council), or cause harm to the Council."

Fraud is a criminal offence defined by the Fraud Act 2006. The maximum penalty under the Fraud Act is imprisonment up to a maximum of 10 years.

The Economic Crime and Corporate Transparency Act (ECCTA) introduces an offence of "failure to prevent fraud." This law applies to large organisations, including East Herts Council, and makes it a criminal offence if the Council fails to prevent fraud committed by employees, agents, subsidiaries, or other associated persons acting on its behalf, where the Council benefits from the fraud.

The Council has a statutory defence if it can demonstrate that reasonable procedures are in place to prevent fraud. All associated individuals share a responsibility to adhere to the six principles of reasonable fraud prevention, supporting the Council in its efforts to prevent fraud.

[Appendix 2 – The Six Principles of Reasonable Fraud Prevention.](#)

Bribery & Corruption

Bribery means offering, giving, requesting or accepting something of value to influence actions unfairly. It can involve money, gifts, hospitality, or other benefits offered to gain an advantage in business or official decisions. Bribery is a criminal offence (Bribery Act 2010) and can occur at any level or in any of the Council's services.

The Bribery Act 2010 makes it possible for senior officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

The Act also creates the Corporate Offence of "failing to prevent bribery on behalf of a commercial organisation" (corporate liability). To protect itself against the corporate offence, the Act requires organisations to have "adequate procedures in place to prevent bribery". This strategy, and the council's Codes of Conduct (Members and Employees) and the council's Confidential Reporting Procedure (Whistleblowing) are designed to meet that requirement.

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

Corruption is the deliberate misuse of your position for direct or indirect personal gain. "Corruption" includes a variety of dishonesty offences including all offences detailed in this policy.

Money Laundering

Money Laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origin and ownership whilst retaining use of the funds.

The burden of identifying and reporting acts of money laundering rests within the council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Money Laundering Reporting Officer who is the Head of the Shared Anti-Fraud Service (SAFS).

The council recognises its responsibilities under the Money Laundering Regulations 2017 and the Proceeds of Crime Act 2002. These responsibilities are set out within the council's Anti-Money Laundering Policy

Failure to Prevent Tax Evasion

The Criminal Finance Act 2017 sets out how those organisations categorised as 'relevant bodies' under the Act will be considered criminally liable where they fail to prevent those who act for, or on their behalf from criminally facilitating tax evasion.

The Act introduced new offences that will be committed where a relevant body fails to prevent an associated person criminally facilitating the evasion of a tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country. These responsibilities are set out within the council's preventing Tax Evasion Policy.

Anti-Fraud and Corruption Strategy

The council will fulfil its responsibility to reduce fraud and protect our resources with a strategic approach consistent with that outlined in the Fighting Fraud and Corruption Locally, A Strategy for 2020's.

East Herts Council is a core partner of the Shared Anti-Fraud Service (SAFS), working in partnership with seven other Local Authorities in Hertfordshire and Bedfordshire to investigate, detect and prevent fraud across council services.

The strategy aims to:

- Ensure that the resources dedicated to counter fraud are sufficient, and those involved are trained to deliver a professional counter fraud service to the highest standards.
- **Protect** the council's valuable resources by ensuring they are not lost through fraud but, are used for improved services to our residents, and visitors.
- Ensure full compliance with the Economic Crime and Corporate Transparency Act by implementing robust measures designed to deter and prevent fraudulent activities undertaken by all individual's whom this strategy applies.
- Provide a counter fraud provision which:
 - Ensures top-level **governance**, providing recommendations to inform policy, as well as creating and promoting an 'anti-fraud' culture which highlights the council's approach to fraud and corruption.
 - Increases the **acknowledgement** of fraud through the delivery of;
 - Comprehensive fraud training and awareness
 - Fraud risk assessment & control improvements post incident
 - Fraud alerts
 - **Prevents** the exposure to fraud, bribery and corruption by

making recommendations to inform policy, and strengthen controls which aim to deter, prevent and detect incidents.

- Enhance fraud **detection** through data analytics and by fostering an environment that enables the reporting of any genuine suspicions of fraudulent activity through the implementation of effective whistleblowing arrangements and fraud reporting channels to the Shared Anti-Fraud Service. However, the Council will not tolerate malicious or vexatious allegations or those motivated by personal gain, and if proven, we may take disciplinary or legal action

The desired anti-fraud culture is also reinforced through our Human Resources policies and procedures and practices, where values of openness and honesty are highlighted; specifically the Code of Conduct for Employees.

- **Pursues** incidents of detected and reported fraud through investigations which enables the council to apply appropriate sanctions and recover all losses through court action or by invoicing individuals; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

The council's employees, Elected Members, associated persons and the public play a key role in assisting the Council to counter fraud effectively.

[Appendix 3 - Stakeholder Responsibilities](#)

Managing the Risk of Fraud and Corruption

As with any risk faced by the council, it is the responsibility of managers and officers to ensure that the risk of fraud is adequately considered when preparing risk assessments supporting strategic priorities, business plans, projects and programmed objectives. In making this assessment it is important to consider the risk of fraud occurring as well as any actual incidences of fraud that occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.

Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase or otherwise change the risk of fraud, bribery, and corruption, are considered.

Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism should not be distrust but considered good management practice, shaping attitudes and creating an environment opposed to fraudulent activity.

Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, Elected Members, Directors and management are ideally positioned to influence the ethical

tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

Further Information

You can find out more about fraud and how this impacts on the Council as well as the Councils response to the threat of fraud, corruption and bribery on the Councils website - <https://www.eastherts.gov.uk/about-east-herts-0/fraud-and-whistleblowing-policies>, or if you are an employee or an Elected Member on the Councils intranet pages search for 'fraud' or 'SAFS'.

Further information on relevant council policy and practice can be found in the following documents:

- The [Constitution](#), including Financial Procedure Rules, Members' Code of Conduct and Contract Procedure Rules;
- [Confidential Reporting Procedure \(Whistleblowing\)](#);
- [Employees Code of Conduct](#)
- [Risk Management Strategy](#);
- [ICT User Policy](#)
- [Access to Information Policy](#)
- Fraud Prosecution and Sanction Policy
- [CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#)
- [Fighting Fraud and Corruption Locally the Local Government Strategy for the 2020's](#)
- [Tackling fraud in the Public Sector – A Local Government Perspective \(CIPFA 2020\)](#).
- [Government Counter Fraud Professional Standards and Guidance – \(Public Sector Fraud Authority 2022-2023\)](#).

Strategy Review

The Director of Finance, Risk and Performance will ensure the continuous review and amendment of this strategy and the relevant associated policies as necessary to ensure that it remains consistent with good practice, national public sector Codes of Practice and meets the needs of the council.

Review date: Frequency as required by legislative changes or every three years.

Reporting fraud

Fraud can impact many of the council's services including: business rates, council tax discount/reduction/exemption, blue badge, housing waiting list, and contracts and procurement.

[Appendix 4 – Fraud Types](#)

If you suspect fraud that may impact the council, please report your concerns as soon as possible using the contact details below. Allegations can be made anonymously and will be handled in confidence.

- **On line (Staff)** – [Report fraud](#)
- **On line (Public)** <https://www.hertfordshire.gov.uk/fraud> and select the **REPORT FRAUD**
- **Email:** fraud.team@hertfordshire.gov.uk
- **Fraud hotline:** 0300 123 4033
- Housing Benefit Fraud can be reported on line to the Department for Work and Pensions at <https://www.gov.uk/report-benefit-fraud>

Appendix 5 – Fraud Response Plan

Appendix 1 - How the council evidences its Governance & Acknowledges, Prevents, and Pursues Fraud

Governs	Executive Support	Our Leadership Team will set the tone for a zero tolerance of fraud and corruption and will ensure that an anti-fraud culture is embedded across the council and the services it delivers.
	Robust Arrangements	The council will adopt and apply appropriate policies and procedures that seek to reduce the risk of fraud and corruption and encourage staff to report fraud where they see it.

Acknowledge	Committing Support	The council's commitment to tackling the threat of fraud is clear. We have strong whistleblowing and fraud reporting procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations.
	Assessing Risks	We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities.

	Robust Response	We will strengthen measures to prevent fraud. We will respond positively, taking appropriate action, where fraud is reported or suspected. We will review all incidences of fraud to ensure that any weaknesses in systems or processes that allowed the fraud to occur as removed.
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Prevent	Better use of information technology	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.
	Anti-Fraud culture	We will promote and develop a strong counter fraud culture, raise awareness, provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations and any recovery of losses due to fraud.

Pursue	Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.

Appendix 2 – Six Principles of Reasonable Fraud Prevention Procedures

Guidance provided by the Home Office provides six principles for organisations to consider when developing their fraud prevention framework:

1. **Top level commitment** – Responsibility for the prevention and detection of fraud rests with those charged with the governance of the organisation. The board of directors, partners and senior management of a relevant body should be committed to preventing associated persons from committing fraud. They should foster a culture within the organisation in which fraud is never acceptable and should reject profit based on, or assisted by, fraud.
2. **Risk Assessments** – The organisation assesses the nature and extent of its exposure to the risk of employees, agents and other associated persons committing fraud in scope of the offence, ensuring suitable controls and mitigation are in place.
3. **Proportionate risk-based prevention procedures** - An organisation's procedures to prevent fraud by persons associated with it are proportionate to the fraud risks it faces and to the nature, scale, and complexity of the organisation's activities.
4. **Due diligence** - The organisation applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified fraud risks.
5. **Communication (including training)** -The council should issue effective formal statements internally and externally, to demonstrate commitment by senior managers
6. **Monitoring and review** - The organisation monitors and reviews its fraud detection and prevention procedures and makes improvements where necessary. This includes learning from investigations and whistleblowing incidents and reviewing information from its own sector.

Appendix 3 – Stakeholder Responsibilities

Stakeholder	Specific Responsibilities
Chief Executive	Accountable for the effectiveness of the council's arrangements for countering fraud and corruption.
Head of Legal and Democratic Services - <i>Monitoring Officer</i>	Statutory responsibility to ensure that the council operates within the law. Overall responsibility for the Members' Code of Conduct and the maintenance and operation of the Confidential Reporting Procedure for Employees (Whistleblowing).
Director of Finance, Risk and Performance – <i>Section 151 Officer</i>	Ensure the council has adopted and implemented an appropriate Anti-Fraud and Corruption Policy/Strategy and that the council has an adequately resourced and effective "counter fraud" provision.
Audit and Governance Committee	Monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
Members	Comply with the Members' Code of Conduct and related council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.
Internal Audit (Shared Internal Audit Service)	Provide assurance to senior management and the Audit and Governance Committee that the council adheres to its own policies to deter, prevent and respond to suspected fraud.
The Shared Anti-Fraud Service	Responsible for developing and promoting the requirements of the Anti-Fraud and Corruption Strategy and monitoring and/or undertaking the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence. Providing guidance and support to senior management on new and emerging fraud risks and management recommendations where fraud has arisen due to system weaknesses.
Leadership Team and Service Managers	Promote an anti-fraud and corruption culture. Ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.

Staff and other associated persons	Comply with council policies and procedures, and be aware of the possibility of fraud, corruption and bribery. Report any genuine concerns to management, SAFS, or via the Whistleblowing procedure. Undertake all mandatory, relevant or recommended anti-fraud and corruption training.
Public, Service Users, Partners, Suppliers, Contractors and Consultants	To report any genuine concerns / suspicions in accordance with the council's reporting procedure

Appendix 4 – Types of Fraud

Local authorities have reported a wide range of fraud risks. The main areas of fraud that were reported in Fighting Fraud & Corruption Locally 2020 continue to feature as significant risks. However, there are also new fraud types emerging. Some examples of fraud risk relevant to the council are:

Blue Badge – Use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees.

Grants – Work not carried out, funds diverted, ineligibility not declared.

Identity fraud – False identity / fictitious persons applying for services / payments.

Internal fraud – Diverting council monies to a personal account; accepting bribes; stealing cash; misallocating social housing for personal gain; working elsewhere while claiming to be off sick; false overtime claims; selling council property for personal gain;

Payroll – False employees, overtime claims, expenses.

Council Tax – False claims for discounts or exemptions to reduce liability.

Housing Benefit – False claims regarding income, capital, rent liability or family makeup to increase entitlement to benefit.

Business Rates – Deliberate withholding of information or relevant facts to evade or reduce liability.

Housing/ Tenancy Fraud – providing false information to obtain social housing, sub-letting or parting with occupation, false succession applications and right to buy applications supported by money laundering.

Procurement – Tendering issues, split contracts, bribery, double invoicing or failure to deliver.

Commissioning of services, including joint commissioning, and third sector partnerships – conflicts of interest, collusion.

Concessionary travel schemes – Use of concession by ineligible person, including Freedom Passes.

Cyber dependent crime and cyber enabled fraud – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

Disabled Facility Grants – Fraudulent applications for adaptations to homes.

Immigration, including sham marriages – False entitlement to services and payments.

Insurance Fraud – False claims including slips and trips and claims for damages.

Local Enterprise Partnerships – Voluntary partnerships between local authorities and businesses. Procurement fraud, grant fraud.

New Responsibilities – Areas that have transferred to local authority responsibility e.g. Public Health grants, contracts.

Money laundering – Exposure to suspect transactions.

Licensing – false ID or rights to reside, impersonation to facilitate false applications.

Appendix 5 - Fraud Response Plan

Immediately that fraud is discovered or suspected, the matter should be reported to a line manager, head of service or the Shared Anti-Fraud Service (SAFS), who will decide what further action is appropriate.

SAFS provides the council's anti-fraud function and have access to data and information held by the council to conduct its investigations working with relevant council officers.

Contact details for SAFS and how to report fraud in confidence:

On line: <https://www.hertfordshire.gov.uk/fraud> - Follow the link for **Report Fraud** - Preferred means of reporting fraud to SAFS by employees and the public.

Email: fraud.team@hertfordshire.gov.uk

Telephone: **0300 123 4033**

The aims and objectives of the Fraud Response Plan are to:

- Prevent further losses of funds or other assets where fraud has occurred;
- Minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation;
- Ensure there is a clear understanding over who will lead any investigation and to ensure managers, HR, Internal Audit are involved as appropriate;
- Establish and secure evidence necessary and ensure containment of any information for disciplinary, civil and/or criminal action;
- Maximise recovery of losses;
- Ensure appropriate and timely action is taken against those who are suspected of fraud;
- Identify the perpetrators and take appropriate action with any disciplinary, civil and/or criminal action; and
- Minimise any adverse publicity for the council

Notifying Suspected Fraud

The council relies on its employees, its agents and the public to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.

Council employees and Members must report any concerns they may have regarding fraud, bribery and corruption, whether it relates to dishonest behaviours by council employees, Members or by others.

The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document. Members, service users, suppliers, partner organisations and members of the public are encouraged to report concerns about fraud and corruption.

Whilst you can remain anonymous, it does help if your details are provided as concerns expressed anonymously are often much more difficult to investigate. For example, we may need to contact you to obtain further information or verify the information supplied.

Investigation Process

Any suspicion of fraud will be treated seriously and will be reviewed in accordance with legislation, local policy and processes.

Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the council and the suspected individual(s).

Where necessary the council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, Her Majesty's Revenue and Customs, UK Borders Agency, NHS Counter Fraud Authority and other Local Authorities.

Investigations into suspected fraud or corruption will be conducted in a professional manner in accordance with the relevant statutory provisions and local protocols to ensure any actions are carried out both fairly and lawfully.

If sufficient evidence is established, the case will be reviewed to decide on the appropriate course of action to be taken. The council's fraud sanction policies provide further guidance of what appropriate action will be taken against the persons concerned.

Confidentiality

Details of any investigation are strictly confidential and will not be discussed with anyone other than the relevant management representatives.

If the media becomes aware of an investigation and attempts to contact employees or Members, no disclosure of the alleged fraud and investigation can be given. All matters relating to statements to the media will be dealt with through the council's communications team.

Summary

This Fraud Response Plan, in conjunction with the Counter Fraud and Corruption Strategy, provides a framework for preventing and investigating fraud, corruption and bribery against the council. It is imperative that awareness of this plan is promoted both across the council and externally.

The plan will be reviewed at least annually and following any major fraud or changes in legislation.