

Anti-Fraud and Corruption

Strategy November 2025

Stockton-on-Tees BOROUGH COUNCIL

Foreword

Clare Harper – Chief Finance Officer

Welcome to Stockton Borough Council's Anti-Fraud and Corruption Strategy. Fraud and corruption is estimated to cost the public sector £20.3bn a year in the UK with estimates in the region of £2.1bn in local government alone. Nationally, Council Tax Fraud continues to be an area where significant fraud occurs and Social Services and Procurement fraud have been identified as the areas of greatest risk. Clearly this is an unacceptable waste of taxpayers money and each of us has a role to play in preventing this waste and ensuring those funds are available to deliver services to our residents.

This document will outline some of the good work that is already taking place as well as looking at ways we can improve our systems and processes to prevent future waste. We have relatively low levels of fraud detected locally but we mustn't rest on our laurels and we will continue our work to tackle Council Tax fraud and will look to further develop the work we do to tackle fraud in nationally emerging areas such as Social Services and Procurement. With your help and support we can ensure all available resources are directed to the delivery of services rather than benefitting criminals.

Barry Woodhouse – Audit Committee Chair

As a councillor and chair of the audit committee I see every day the commitment of our staff to ensure services are delivered to the very best of our ability to our residents. It is disheartening that despite all of our efforts more could be done if funds were not being diverted away from vital services into the hands of criminals. We have in place a robust governance framework to help reduce the risk of fraud but as ever it is you, our staff who have the most vital role to play by being vigilant and conscious of the fact that fraud may be occurring. Together we can ensure funds are used in the right way to continue to deliver the very best services to our residents.

Fraud – this is defined by the Fraud Act 2006 "A person shall be guilty of fraud if he

- dishonestly makes a false representation, or
- dishonestly fails to disclose to another person information which he is under a legal duty to disclose, or
- occupies a position in which he is expected to safeguard or not to act against the financial interests of another person and dishonestly abuses that position

AND

- intends to make a gain for himself or another or to cause loss to another or expose another to a risk of loss"

The Council recognises that as well as causing financial loss, fraud is also detrimental to the provision of services, and damaging to the reputation of, and confidence in, the Council, public bodies in general and reputable businesses.

The Council is clear that it will not tolerate any impropriety by employees, elected Members or third party organisations.

Understanding the Fraud Risk

Current Status

The Council has a responsibility to protect public funds for which we are responsible. Fraud on public funds is unacceptable therefore the Council is committed to minimising the risk of fraud, corruption and misappropriation. Development of an anti-fraud culture is part of improving resilience to fraud, through raising awareness, clearly defined responsibilities, robust reporting mechanisms and a suitability resourced anti-fraud strategy.

The national picture suggests that whilst the number of cases per individual authority may be relatively low it is likely there are frauds in a number of the other categories where we have not detected any fraud to date. The highest level of fraud across the public sector relates to procurement, adult social care, insurance and council tax/business rates (excluding housing on the basis we do not have any housing stock). Welfare benefit fraud cases are referred to the Single Fraud Investigation Service for investigation. Instances of procurement fraud can be costly. Losses in relation to adult social care can also be financially significant, however the average value in the other areas tends to be relatively low. The Council does tend to focus its efforts in the areas where the highest numbers currently exist so the potential value of frauds not currently being actively pursued will be relatively low. A significant number of grants have been paid in relation to COVID there was an increased risk of fraud in relation to these grants however robust pre/post payment checks have been in place to minimise the risk. This was confirmed by BEIS during their verification checks.

The results from the last round of the National Fraud Initiative data matching exercise did not identify any cases of fraud.

A new offence came into law during the last year “Failure to Prevent Fraud”, which places an onus on organisations putting controls in place to prevent employees committing fraud on behalf of their employer. Many of the controls required to manage this risk have existed in the public sector for a number of years and are already incorporated into policies and procedures and are subsequently monitored by management and included in the audit plan. This has been factored into the current assessment of fraud risk and remains very low.

Current Risk		
Impact	Likelihood	Score
2	1	2

How we Tackle Fraud

Detection

We have well established systems and processes in place to detect fraud if it does occur..

- The Council will use all legal and cost effective means to detect fraud, corruption and bribery including working with other organisations in national data matching schemes e.g. the National Fraud Initiative, Housing Benefit Matching Service, HMRC Taxes Management Act Returns. This may require the lawful sharing of information.
- Risk based Internal Audit Plan that ensures areas with a high risk of fraud are reviewed at least annually.
- Elected Members, staff and external stakeholders are expected to report suspected fraud, corruption or bribery promptly in accordance with Section 7 of this Strategy.

Prevention

One of our core aims is to prevent fraud occurring in the first instance and have systems in place to prevent fraud.

- The establishment of adequate internal control systems to prevent fraud is the responsibility of Management.
- The Managing Director, Senior Management Team and Service Managers are responsible for assessing the effectiveness of internal control systems in relation to fraud, corruption and bribery.
- Internal Audit coverage is sufficient to provide annual assurance to the Council's Audit Committee and supports managers by assessing controls in relation to the prevention of fraud.
- Awareness raising with staff around the importance of maintaining adequate control systems.

Respond

We have plans and processes in place to respond to suspected fraud.

- All instances of suspected fraud must be notified to Internal Audit service to enable the completion of annual returns and to form evidence to support the Annual Governance Statement.
- Investigation will be conducted by the most appropriate section as detailed below:
    - Fraud involving employees will be investigated in accordance with the Council's Disciplinary Procedures by a nominated Investigation Manager with support from the Internal Audit Service. (See Appendix A)
    - Allegations of improper conduct made against members will be managed by the Monitoring Officer.
    - Other fraud committed against the council will be considered on a case by case basis to determine the most appropriate section to undertake the investigation.
- The Council will adhere to the provisions of the Regulation of Investigatory Powers Act (RIPA) and Money Laundering Legislation.
- Any decision to involve the Police in any investigation of fraud will be taken by the Section 151 Officer in consultation with the Chief Executive and the Monitoring Officer.
- The outcome of the investigation of fraud against the council will be reported appropriately to ensure systems and procedures are amended and to act as a deterrent.
- The Council recognises the need to ensure that its investigation process is not misused. Any abuse such as the raising of malicious allegations by officer/members will be dealt with as a disciplinary matter.

- Sanctions – Including recovery of proceeds (POCA, Civil Law, Pensions)

Policy Framework

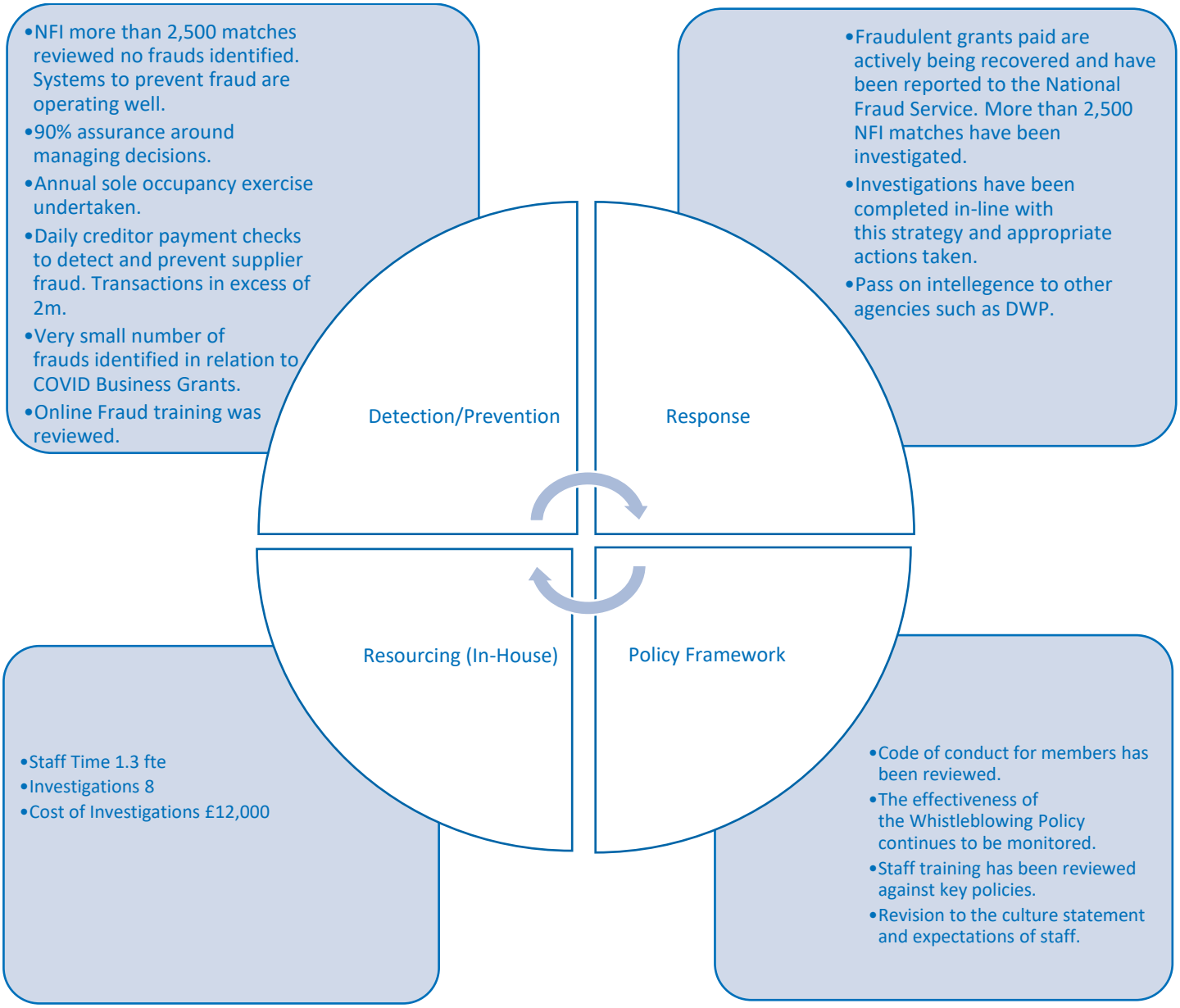
To support our efforts in tackling fraud we have in place a comprehensive policy framework.

- Codes of Conduct for Members and Employees;
- Protocol for members on Gifts and Hospitality;
- Confidential Reporting ("Whistleblowing") Policy and Complaints Procedures;
- Contracts Procedure Rules;
- Standing Orders and Financial Procedural Rules;
- ICT Security Policies;
- Robust internal control systems, processes and reliable record keeping;
- Effective Internal Audit;
- Effective Recruitment procedures;
- Disciplinary Policy and Procedures;
- The Regulation of Investigatory Powers (RIPA) Procedure;
- Induction and Training.
- Fraud Response Plan

Fraud Management in Action

What have we done?

The diagram below provides details on the actions that have been taken to manage the risk of fraud.



On-Going Actions

We have actions in place to ensure the risk of fraud is managed effectively and we have steps in place to improve our management of this risk further.

- Anti-Fraud Strategy
    - Anti-Fraud Strategy to be updated and presented to Audit Committee for approval.
    - Progress against the Anti-Fraud Strategy and Action Plan to be reviewed quarterly as informed by the risk assessment process.
    - Review related policies e.g. Confidential Reporting and ensure these are up to date and consistent with the Anti-Fraud Strategy.
    - Maintain an Internet and Intranet presence for the updated Anti-Fraud Strategy, linked policies and fraud reporting mechanisms
- Fraud Risk Assessment
    - Fraud and Corruption risk considered as part of the Strategic Risk Register.
    - Quarterly monitoring and update of identified controls, actions and current status.
    - Assess the extent to which Senior Management identify and monitor fraud risks and increase senior management ownership as necessary.
    - Reporting fraud risk to Members in line with the Risk Management policy.
- Data Matching
    - Participation in NFI data matching exercises and review of potential matches in high risk areas.
    - Increase resources available to review high priority matches identified.
- Continuous Audits and the Use of Data Analytics
    - Expand the use of IDEA and the programme of continuous auditing.
    - Fraud specific controls included in the programme of controls testing.
    - Increased sharing and matching of internal and/or cross boundary data to develop local counter fraud exercises.
- Audit Work
    - Results of the Fraud and Corruption risk assessment to inform the work of Internal Audit, including systems audit work, proactive fraud and corruption checks (compliance) and fraud awareness activities.
    - More probing and directed audits to be conducted in key areas of fraud risk.
    - Fraud Audits to consider management controls over fraud.
    - Consider fraud as part of every audit.
    - Issue annual audit opinion on the internal controls related to fraud.
- Awareness Campaigns
    - Review campaign materials available online e.g. “Take Five to Stop Fraud” and determine how we can use these locally.
    - Use of Briefings, KYIT to publish awareness campaigns, particularly during national fraud awareness weeks.

- Publication of Fraud Information
    - Maintain a register for recording fraud information.
    - In line with requirements of the Local Government Transparency Code 2015 the following should be reported on an annual basis:
        - Number of occasions the authority has used powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.
        - Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.
        - Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists
        - Total amount spent by the authority on the investigation and prosecution of fraud.
        - Total number of fraud cases investigated.

Key Contacts

Internal Audit

Stockton on Tees Borough Council

Columbia Drive

Thornaby, Stockton-on-Tees

TS17 6BJ

01642 526176

internalaudit@stockton.gov.uk

Role:

Investigate employee fraud.

Investigate fraud in schools.

Collate statistics.

Maintain the Anti-Fraud & Corruption Strategy.

Co-ordinate NFI Exercise

Council Tax Support Investigation Team

Revenues & Benefits Service

PO Box 410

Stockton on Tees

TS23 2YD

0800 854 440 (Housing Benefit)

01642 393829 (Council Tax Support)

Benefits.Fraud@stockton.gov.uk

Role:

Investigate Council Tax Support Fraud.

Liaise with Department for Work and Pensions.

Internal Investigation Flowchart

