

# Anti-Fraud and Corruption Policy & Response Plan

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# Contents

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Anti-Fraud and Corruption Policy	3
1. Policy statement by the Chief Officer and Chief Finance Officer	3
2. Outcomes	3
3. Scope and definitions	4
4. Approach	6
5. Responsibilities	10
Appendix A: Fraud and Corruption Response Plan	13
1. Introduction	13
2. Reporting suspected fraud	13
3. Establishing if there are grounds for concern	14
4. Convening a Fraud Response Panel	14
5. The fraud investigation	16
6. Actions from the fraud investigation	17
Appendix B: Fraud risks	20

# Anti-Fraud and Corruption Policy

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## 1. Policy statement by the Chief Officer and Chief Finance Officer

1.1 The Greater London Authority's (GLA) governance framework is designed to ensure we conduct our business in line with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It sets clear expectations for the Mayor, Assembly Members and staff – and in particular that all of us uphold the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

1.2 Fraud and corruption not only divert scarce resources from the public purse. They corrode public confidence in our democratic institutions and public services and the morale of those who work within them. So, an important part of our governance framework is our policies and approach to preventing, detecting and investigating all forms of fraud and corruption.

1.3 The GLA takes the risk of fraud, corruption and bribery extremely seriously and does not tolerate any such wrongdoing. It expects all individuals and organisations associated with the GLA to act with integrity. But more than that, this policy commits the GLA to taking pro-active, practical steps to prevent fraud and corruption – and all staff and Members to report any incidents that do occur. The GLA will assess and, if there is cause for concern, investigate every reported incident. Our Fraud Response Plan, part of this document, explains the approach we will take.

1.4 This Anti-Fraud and Corruption Policy is one element of a wider set of arrangements we have in place to prevent fraud and wrongdoing. In particular, these arrangements also include our Whistleblowing, Anti-Money Laundering and Cyber Security Policies. But other parts of our governance framework also frame and direct our approach to preventing fraud and promoting ethical behaviour, including the Code of Conduct for Members (Mayor and Assembly Members), Code of Ethics and Standards for staff, our Mayoral Decision-Making document and Standing Orders, Use of Resources Policy, Expenses and Benefits Framework, Register of Interests, Gifts and Hospitality Policy, Financial Regulations, our commitment to transparency and our Risk Management Framework. Action may be taken under any of those documents as well as the Anti-Fraud and Corruption Policy.

## 2. Outcomes

2.1 The outcomes sought from our anti-fraud and corruption framework are to:

- maintain and promote a zero-tolerance culture to fraud and corruption
- safeguard public money by reducing losses from fraud and corruption to an absolute minimum by taking practical, risk-informed steps and maintaining a strong deterrent
- consistently detect incidents of fraud and then to investigate and take robust action against those found to be committing any such acts
- promote confidence in the GLA and its work by ensuring we act and are seen to act with integrity

2.2 The negative impacts arising from fraud and corruption that the GLA is seeking to avoid include:

- a corrosive effect on the GLA's organisational culture and standards of behaviour
- overly burdensome and bureaucratic processes
- loss of resources (financial and other assets)
- reputational damage
- damage to the GLA's relationships with partners and stakeholders
- disruption to service delivery
- outcomes not delivered
- problems with recruitment, retention and staff morale
- legal action being taken against the GLA

### 3. Scope and definitions

3.1 This GLA anti-fraud and corruption framework applies to the Mayor and to all GLA staff; and also Assembly Members, but recognising Assembly Members generally fulfil more of a scrutiny rather than executive role. Some areas of the business have specific responsibilities and these are set out later in this document. The services based at and shared with Transport for London (TfL) – among them financial transactions, procurement, transactional HR services and legal, with IT Support Services in the process of migration at the time of publication – all have a particularly important role to play and are covered by this framework. We expect those we fund and with whom we contract and partner to have their own equivalent arrangements to seek the above outcomes. Mayoral Development Corporations and other functional bodies will have their own arrangements.

3.2 This policy defines fraud and corruption broadly to cover a range of related wrongdoings. Often in this document the term 'fraud' is used as a shorthand term to cover this range of wrongdoings.

#### a) Fraud

3.3 Fraud is a criminal offence. The Fraud Act 2006 (as amended) sets out three ways a person can commit fraud:

- by dishonest false representation
- by dishonestly failing to disclose information
- by dishonestly abusing a position of trust

and in each of these cases intending to make a gain for themselves or another or to cause loss to another or expose another to the risk of loss.

3.4 Fraud, for the purpose of this policy, goes beyond the Fraud Act definition and includes theft, forgery, concealment, conspiracy and bribery, which are criminal offences in their own right. Fraud may include, but is not limited to, stealing cash or equipment, submitting false expense claims, invoicing for goods not intended for GLA business, unauthorised removal of GLA property,

manipulating accounts and records, dishonest contract arrangement and other financial irregularities.

## b) Corruption and bribery

3.5 Corruption is the offering, promising, giving, requesting, receiving or agreeing to accept an inducement or reward (i.e.. a bribe), which may influence a person to act against the interests of the GLA. The definition of what constitutes a bribe is broad and covers any financial or other advantage offered to someone to induce them to act improperly, and the bribery of foreign officials. The Bribery Act 2010 (as amended) creates the criminal offences of:

- offering, promising or giving a bribe (active bribery)
- requesting, receiving or agreeing to accept a bribe (passive bribery)

3.6 The Bribery Act also creates an offence of commercial organisations (applicable to both private and public organisations) failing to prevent persons associated with them (including third party providers) from bribing another person on their behalf. The organisation will have a defence if it can show that it had adequate procedures in place to prevent persons associated with it from committing bribery.

## c) Money laundering

3.7 Money laundering is a process by which the proceeds of crime are converted into assets that appear to have a legitimate origin so they can be retained permanently or recycled into other criminal enterprises<sup>1</sup>.

3.8 Offences covered by the Proceeds of Crime Act 2002, the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Terrorism Act 2000 (all as amended) will be considered and investigated in line with this anti-fraud and corruption framework and the Anti-Money Laundering Policy.

3.9 The Proceeds of Crime Act 2002 makes provision in relation to money laundering, other than in relation to the laundering of terrorist funds (which is covered by section 18 of the Terrorism Act 2000). The criminal offences under the relevant provisions of the Act include:

- offences involving a failure to disclose;
- the offence of tipping-off.

3.10 The Money Laundering Regulations 2017 oblige organisations to have systems to detect and prevent money laundering. That is particularly pertinent to the GLA in respect of the Group Investment Syndicate we oversee and when we are dealing with a transaction involving a recoverable grant or a loan – with most of this activity currently in the Housing and Land Directorate. A separate but related Anti-Money Laundering Policy explains further about the

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<sup>1</sup> The Proceeds of Crime Act 2002 defines money laundering as concealing, converting, transferring criminal property (as defined in the Act) or removing it from the UK; entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; and/or acquiring, using or possessing criminal property. (See sections 327-9 and 340 of the Proceeds of Crime Act 2002.)

legislation and the steps you must take. The GLA has established the roles of Anti-Money Laundering Officer and Deputy Anti-Money Laundering Officer which are set out in the policy.

### Tax Evasion

3.11 The Criminal Finances Act 2017, has created two criminal offences; failure to prevent the facilitation of tax evasion in the UK and/ or abroad. This is where a person deliberately and dishonestly takes actions to facilitate tax evasion by a taxpayer. The Act attributes criminal liability to an organisation when its employees, contractors or any associated person (defined widely to include third party providers) are seen to be facilitating tax evasion. A successful prosecution could lead to an unlimited fine. The organisation will have a defence if it can demonstrate reasonable prevention measures, procedures and safeguards to prevent such facilitation of tax evasion.

### Failure to Declare Interests

3.12 Two potential criminal offences, punishable by a fine of up to £2,500, apply to employees of the GLA concerning:

- the failure to declare a direct or indirect pecuniary/ financial interest of theirs in any contract a third party has or proposes to have with the Authority; and
- accepting any fees and rewards over and above an employee's normal remuneration. These come from Section 71 of the GLA Act 1999 which applies section 117 of the Local Government Act 1972 to the Authority and to its employees. The fine is Level 4 on the Standard Scale, currently £2500 (maximum).

## 4. Approach

4.1 The GLA's approach to mitigating against fraud and corruption is based on the following pillars:

- a) undertaking regular awareness and training
- b) putting in place proportionate and risk-based preventative, deterrence and detection measures – including addressing identified weaknesses
- c) reporting and investigating instances of fraud and corruption
- d) sanctioning those perpetrating fraud or corruption and recovering losses
- e) monitoring and reviewing our anti-fraud and corruption framework

4.2 Each of these pillars is expanded on below.

### a) Awareness and training

4.3 As the policy statement at the start of this document makes clear, the GLA is committed to:

- upholding the highest standards of conduct
- a culture in which fraud, corruption and bribery are never acceptable
- actively seeking to prevent all forms of fraud, corruption and bribery

4.4 This commitment starts at the very top of the organisation and is reinforced as part of induction arrangements for Members and staff, which include a specific reference to the GLA anti-fraud and corruption framework. Periodic reminders will underline both this commitment and what the GLA expects of its Members and staff in countering fraud, bribery and corruption.

4.5 In particular, Fraud and cyber-security risks are increasingly bound together. It is therefore mandatory for all staff to undertake cyber-security e-learning. In addition, the leads on cyber security at the GLA, working closely with the Performance and Governance Team will publicise to staff new and increasing threats and best practice to reduce the risks of digital fraud.

4.6 Training needs will be kept under review, linked to periodic fraud risk assessments. Where there are areas for which the risk of fraud and corruption is relatively high and/or staff are uncertain of the steps to implement to minimise fraud and corruption, or of the procedures to follow, bespoke and mandatory training will be developed.

4.7 The GLA is exposed to risks of malpractice from partners and suppliers. The GLA will make clear also to these third parties that it does not tolerate fraud or corruption and expects the organisations with which it works to have in place their own policies to counter such wrongdoing.

#### b) Proportionate and risk-based preventative, deterrence and detection measures

4.8 The first line of defence against fraud is our staff. All staff, but especially managers, are expected to be mindful of the potential for fraud and corruption and to design and implement procedures to prevent, deter and detect fraud and corruption. This includes in particular when planning new projects and their delivery mechanisms, and also where we are working with third parties, where the risk of fraud may be higher. Managers are encouraged to 'walk-through' delivery mechanisms and processes to identify vulnerabilities and perverse incentives. Extant procedures must be kept under review and tested periodically. Internal Audit can provide expert input where necessary.

4.9 The GLA will maintain and periodically update, at times which coincide with updates to this framework, a register of those areas where there is a relatively significant potential for fraud and corruption (see Appendix B). This will also set out who is responsible for each risk area. These risk owners must keep records of the level of risk associated with the fraud-type and the measures they have in place to prevent, deter and detect fraud and corruption – as well as any actions required to strengthen processes. These processes should be integrated as far as possible with day-to-day business procedures and our wider governance framework.

4.10 Internal Audit will ensure the risk of fraud is actively considered as part of individual audits and through a focus on fraud prevention work, identified annually as part of the Internal Audit Plan.

4.11 Our procurement and grant-funding processes will also be informed by a risk-based approach. In particular, TfL Procurement and Commercial will undertake proportionate due diligence including assessing the risks of offences under the Bribery Act taking place.

4.12 Where weaknesses are identified through regular review, feedback from staff, internal audits or an incident occurring, the responsible manager must put in place an action plan to strengthen the system in question.

### c) Reporting and investigating instances of fraud and corruption

4.13 The GLA aims to ensure the process for raising concerns about malpractice and wrongdoing is simple, effective and confidential wherever possible. And it aims also to promote an environment in which employees feel able to raise concerns without fear of reprisals and confident their concerns will be thoroughly investigated. Staff who blow the whistle are protected: they will not suffer a detriment or be dismissed, provided the concern was raised in good faith. In return, the GLA expects Members and staff to report any suspected instances of malpractice and wrongdoing.

4.14 As explained in the Whistleblowing Guidance, suspected instances of fraud can be reported to:

- line managers
- the Chief Finance Officer
- the Head of Audit and Assurance (based in the Directorate of Audit, Risk and Assurance (DARA), in the Mayor's Office for Policing and Crime (MOPAC), who provide the internal audit service for the GLA under a shared service agreement)
- an externally run service, with options including phone line and online reporting, for staff that have concerns about raising concerns through one of the other avenues

4.15 The Chief Finance Officer (CFO) will normally be informed about all reported incidents of malpractice. Where a line manager is the first point of contact, they must therefore in turn inform the Chief Finance Officer. If the concern relates to the Chief Finance Officer, the Chief Officer will take their place in the process.

4.16 Staff should retain any evidence of the suspected malpractice already in their possession. They should also make immediate and detailed notes about what they have witnessed and discovered, the course of events, what happened when, and who was involved. The more direct and tangible the evidence is, the better the chance of a successful investigation. Staff should not, however, actively seek out additional evidence, undertake surveillance or conduct their own investigations.

4.17 Concerns about any potentially improper conduct by the Mayor or Assembly Members should be reported to the GLA's Monitoring Officer, who will liaise with the CFO (see para 5.2).

4.18 Service users and the public are encouraged to report any concerns they may have about irregularities within the GLA and can do so via the routes identified above or the GLA's complaints procedures.

4.19 The GLA is committed to investigating all suspected occurrences of fraud, corruption and bribery. It will investigate such incidents, and take immediate action to prevent further losses, in line with the Anti-Fraud and Corruption Response Plan at Appendix A. As per the Response Plan, the GLA will also inform Action Fraud and the police expeditiously where there is cause to believe there may have been criminal wrongdoing.

4.20 Those organisations receiving funding or which are in a contractual relationship with the GLA must notify the project or contract manager of any irregularities and improprieties linked to GLA funds and the steps being taken in response.

4.21 Note it is not just incidents of actual or attempted fraud that should be reported. Staff should also report identified vulnerabilities to their line manager.

4.22 The Head of Performance and Governance (based in the Group Finance and Performance Team) will ensure a log is maintained of reported fraud incidents and the action taken in response to each.

#### d) Sanctions and recovery of losses

4.23 The GLA is committed to pursuing all possible sanctions for proven cases of fraud and corruption. That may include disciplinary, criminal or civil sanctions.

4.24 The impact on a member of staff who has perpetrated a fraud could include:

- action under the GLA's disciplinary procedures, which could lead to summary dismissal for gross misconduct
- professional sanctions, potentially including loss of professional status
- criminal proceedings potentially leading to a criminal record, fines and imprisonment
- civil recovery of the value of resources lost

4.25 The GLA will seek to minimise any potential loss due to an instance of fraud or corruption. Where fraud or corruption is proven, the GLA will take action where it is available and cost-effective to recover losses and set an example to deter future fraud.

4.26 The GLA's Response Plan contains further information about the approach we will take.

#### e) Monitoring and review

4.27 The GLA's anti-fraud and corruption framework will be kept under review to ensure it is working effectively and opportunities for preventing and detecting fraudulent or corrupt activity are maximised. The primary vehicle for undertaking this review will be the Annual Governance Statement (AGS). The AGS will report any significant instances of fraud that have taken place during the year in question.

4.28 In addition, this Policy and the Response Plan will be reviewed and as necessary updated at least every two years. This review will be informed by a refreshed assessment of the fraud and corruption risks faced by the GLA.

4.29 Significant changes to the fundamental basis of this document will be signed off by the Chief Finance Officer via a director decision in line with Mayoral Decision-Making in the GLA Framework. Changes that do not substantively alter its provisions, including drafting and presentational changes, corrections and smaller updates may be approved by the Director, Group Finance and Performance and do not require a director decision.

## 5. Responsibilities

### 5.1 The Mayor:

- protecting the resources and assets of the GLA and actively avoiding, and being seen to avoid, all impropriety
- leading by example and promoting a culture across the organisation that flows from and reinforces the seven principles for public life
- adhering to the Use of Resources Policy, Code of Conduct (Mayor and Assembly Members), Financial Regulations, Standing Orders, Gifts and Hospitality Policy, Register of Interests requirements and other policies related to the GLA's governance framework

### 5.2 Assembly Members:

- as for the Mayor above
- adhering to the GLA's standards regime and the seven principles of public life
- reporting any suspected instances of fraud and corruption

### 5.3 The Audit Panel:

- providing scrutiny of the GLA's anti-fraud and corruption framework
- receiving information from External Audit, Internal Audit and any other investigating officers where fraud is suspected
- reviewing regular reports on expenses and gifts and hospitality

### 5.4 Corporate Management Team:

- setting and promoting a top-level commitment to an organisation-wide culture of preventing all forms of fraud, corruption and bribery
- ensuring the risk of fraud is assessed in the areas for which each director is responsible
- putting in place arrangements to prevent fraudulent and other dishonest conduct, and ensuring those arrangements are complied with
- implementing new controls to reduce the risk of similar fraud where frauds have taken place

### 5.5 Chief Finance Officer:

- acting as the GLA's champion for effective anti-fraud and corruption practices
- ensuring robust financial management processes so public money is safeguarded at all times and used appropriately, economically, efficiently
- establishing and overseeing effective arrangements for identifying fraud risk issues, receiving reports about and responding to incidents of fraud<sup>2</sup> and reporting significant incidents to the Chief Officer, the Mayor and Audit Panel
- coordinating assurances about the effectiveness of the Anti-Fraud Policy

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<sup>2</sup> The Chief Officer will act in the place of the Chief Finance Officer in respect of specific frauds if there are concerns about their involvement.

## 5.6 Director, Group Finance and Performance<sup>3</sup>

- day-to-day oversight of fraud investigations
- ensuring the GLA's fraud framework is robust, up-to-date and reflects best practice
- maintaining a list of reported and proven instances of fraud
- communications to staff to reinforce the GLA's commitment to tackling fraud and corruption, reminding staff of our approach and explaining what we expect
- publishing fraud transparency information (as per the Government's Transparency Code) on the GLA's website and through the Annual Governance Statement (AGS)
- reviewing anti-fraud arrangements as part of the update of the AGS
- reviewing and updating the fraud risk list, assigning responsibilities to each area and capturing controls and actions

## 5.7 People function:

- ensuring recruitment processes and the Staff Code of Ethics and Standards support the highest standards of conduct, working with the statutory officers
- advising and supporting managers in implementing suspensions and disciplinary procedures
- ensuring employment matters are dealt with in a consistent and fair way regarding any case of suspected fraud

## 5.8 Information Technology:

- deploying cyber-security measures, raising awareness and highlighting best practice to limit the risk of phishing attacks and other forms of digital fraud
- developing systems in a way that limits and addresses the risk of fraud

## 5.9 Monitoring Officer:

- promoting and enforcing the Authority's standards regime including policies relating to Registration of Interests and Gifts and Hospitality
- working with the Chief Finance Officer to ensure that, where a suspected incident of fraud involves an allegation of improper behaviour by the Mayor or an Assembly Member, a process is followed that aligns both with the GLA's standards regime and this Response Plan
- referring to the Independent Office for Police Conduct any potential criminal conduct by the Mayor or Deputy Mayor for Policing and Crime (who can be also an Assembly Member)

## 5.10 Internal Audit:

- assessing and making recommendations to improve the GLA's system of internal control
- reviewing, identifying and making recommendations to address risks of fraud and corruption during audits
- providing advice and guidance to managers on anti-fraud and corruption arrangements

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<sup>3</sup> In practice, the Head of Performance and Governance and their team will lead this work day-by-day and escalate issues as required or seek strategic advice from the Director.

- supporting fraud investigations
- participating in the biennial National Fraud Initiative (NFI) and working with the GLA to raise awareness of this

#### 5.11 All managers:

- ensuring corporate procedures and systems of internal control are in place to safeguard the resources for which they are accountable
- identifying all areas within their remit that could be subject to fraud and corruption and taking steps to prevent and detect wrongdoing<sup>4</sup>
- ensuring their staff are aware and comply with requirements of the GLA's Code of Ethics and Standards, Financial Regulations, Use of Resources Policy, Gifts and Hospitality Policy, Register of Interests policy and guidance, Anti-Money Laundering Policy and other GLA policies

#### 5.12 All GLA staff:

- adhering to the policies referred to directly above and acting in a way that embodies and promotes the seven principles of public life
- acting with propriety in the handling and use of official resources and public funds including via payments systems, receipts, contracting and grant claims
- carrying out their duties carefully and honestly and following the GLA's procedures and practices in place to prevent fraud and corruption, and guidance from managers (provided such guidance is consistent with the procedures and practices)
- being alert to and proactively identifying unusual events or transactions, which could be indicators of fraud, and vulnerabilities
- reporting immediately a suspected fraud or attempted fraud
- cooperating fully with whoever is conducting internal checks or reviews or fraud investigations

#### 5.13 Contractors, funding recipients and partners:

- adhering to the GLA's contractual and grant funding terms, including those provisions related to sound financial management, anti-bribery and high standards of behaviour
- putting in place, maintaining and following their own policies and internal controls for fraud and corruption, conforming to the same high standards of conduct and integrity that the GLA operates to
- cooperating with the GLA's anti-fraud testing and activity, reporting any concerns and working with the GLA to address concerns as relevant

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<sup>4</sup> Internal Audit is there to support managers and should be contacted for advice or guidance.

# Appendix A: Fraud and Corruption Response Plan

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## 1. Introduction

1.1 This plan sets out the steps the GLA will take when fraud, corruption and related wrongdoings are reported in order to:

- investigate the incident
- prevent any further loss in the immediate future
- secure evidence for any civil, criminal or disciplinary action
- ensure processes are strengthened to prevent recurrences of similar wrongdoing

1.2 It also sets out who is responsible for taking action and who else needs to be involved.

1.3 The plan aims to ensure the GLA takes a consistent and thorough approach to dealing with reported incidents of fraud. It supports the outcomes and mitigates the negative impacts identified in section 2 of the Anti-Fraud and Corruption Policy. It is one element of the GLA's wider anti-fraud and corruption framework.

1.4 Where a suspected incident of fraud involves an allegation of improper behaviour by the Mayor or an Assembly Member, the Monitoring Officer and Chief Finance Officer will work together to ensure a process is followed that aligns both with the GLA's standards regime and this Response Plan.

1.5 This plan does not cover reported or identified vulnerabilities that may make fraud more likely. These will be addressed through normal management action, though the relevant Director/Assistant Director is expected to inform and involve the Director of Group Finance and Performance as appropriate.

1.6 The GLA will take a proportionate approach to allegations of fraud. All allegations emanating from within the GLA or directly relating to the GLA's direct or contracted activity will be fully investigated. There will be times when a third party notifies the GLA of fraudulent activity that relates to another actor, but where there is only an indirect impact on the GLA. These will all be logged by the Performance and Governance Team in their records, but the extent of the investigation will be governed by the direct risk to the GLA.

## 2. Reporting suspected fraud

2.1 Staff must raise concerns about fraud, corruption, bribery, money-laundering and any other malpractice. The GLA's Whistleblowing Policy and Guidance sets out the process for reporting such incidents – and the protections in place for staff who do blow the whistle. Its main points, including who to contact with concerns, are summarised at paragraphs 4.13 to 4.21 of the above Anti-Fraud and Corruption Policy.

2.2 It is not for staff to actively investigate suspected wrongdoing or gather additional evidence: all investigations will proceed as per this Response Plan.

2.3 Suspected fraud may also be discovered through other avenues; for example, internal audits counter-fraud testing, or allegations from third parties. Whatever the source, the Chief Finance Officer must be informed. If the concern relates to the Chief Finance Officer, the Chief Officer will take their place in the process.

2.4 The Head of Performance and Governance and their team will ensure the reported incident is recorded on the fraud log.

### 3. Establishing if there are grounds for concern

3.1 Every reported incident of potential/suspected fraud will be taken seriously. But while in some cases there will prima facie be grounds for concern, in other cases – where there is a lack of evidence and/or the facts are not easily established at first sight – it will be necessary to undertake preliminary fact-finding. This work will be overseen by the Director, Group Finance and Performance or someone nominated to oversee the work on their behalf. They will determine what fact-finding work is required and whether a qualified fraud investigator needs to be involved at this stage. In doing so, they will liaise closely with the Head of Audit and Assurance.

3.2 At the end of the fact-finding, the following outcomes are possible:

- a) there are no grounds for concern and no further action is required
- b) while there is no evidence of a specific fraud having taking place, work is needed to make processes more secure and/or tighten internal control systems
- c) while there are concerns about conduct, the matter is not covered by the anti-fraud and corruption framework and should be dealt with under other applicable GLA policies
- d) there is evidence of fraud (or attempted fraud) and the case is referred back to the Chief Finance Officer who will convene a “Fraud Response Panel” and determine whether a formal fraud investigation needs to take place.

#### **Box A: Confidentiality**

All fact-finding investigation and other documents created, collected or otherwise held in relation to the investigation are confidential; as are discussions pertaining to the case. Meeting locations will be secure. Action under the GLA’s disciplinary procedures may be taken against staff who fail to maintain this confidentiality.

Requests for access to documents will be considered by the Fraud Response Panel, taking into account any legal requirements. Any Subject Access Request will be dealt with on a case-by-case basis with tailored advice from the Information Governance Team. Exemptions under the Data Protection Act may also vary depending on the case.

Accumulated evidence will normally be held for a period specified in the GLA’s Retention Schedule or as otherwise decided by the CFO.

### 4. Convening a Fraud Response Panel

4.1 A Fraud Response Panel will be convened by the CFO, or the Director, Group Finance and Performance, in consultation with the CFO, where there is evidence of fraud or attempted fraud. The overriding purpose of the Panel is to advise on the best course of action, ensuring it is informed

by appropriate expertise and relevant parties are involved and informed. They will also be responsible, taking advice from the Panel as needed, for appointing an Investigating Officer as required.

4.2 The convenor will tailor the membership of the Panel to these ends, though it is likely to consist of the following or their nominees:

- Chief Finance Officer (Chair where the case of fraud is particularly serious)
- Director Group Finance and Performance (Chair or day-to-day oversight)
- Head of Performance and Governance (day-to-day oversight where the case is less serious)
- Assistant Director (AD) / Head of Unit in which the suspected (attempted) fraud occurred
- relevant project/area manager
- Head of Audit and Assurance
- AD People function (if there is a disciplinary element)
- Investigating Officer (once appointed)

4.3 The Panel will meet and liaise in proportion to the seriousness and complexity of the case. In straightforward, minor cases, it may be appropriate simply to keep the above individuals informed and to seek advice as/when necessary, via email.

4.4 The CFO, with the Chief Officer, if necessary, will have the final say on the course of action to take. Informed by the advice of the Panel, they will take decisions on:

- whether Action Fraud and the police need to be informed and involved
- urgent actions to secure evidence or prevent further loss, including suspending a member of staff
- immediate measures to address system vulnerabilities, stop payments, secure the refund of any losses or apply for an injunction to freeze assets
- informing insurers
- how to deal with employees under suspicion (in consultation with the AD People)
- who else needs to be informed and involved, including whether legal advice is required
- what further review and strengthening of GLA systems and internal controls is required

#### **Box B: Involving the police**

An Action Fraud online referral will be made when and where the Chief Finance Officer, on the advice of the Fraud Response Panel, deems there to be possible criminal wrongdoing. Usually this referral will be after any preliminary fact-finding and will contain a detailed report.

Action Fraud will evaluate the referral and if it meets their evaluation criteria will refer it to the relevant police force. It is for that police force to decide whether a criminal investigation is necessary. The internal and police investigations will be coordinated where appropriate; but the latter will take precedence, recognising an internal investigation could prejudice the police's work – including by alerting those under suspicion or compromising evidence. In all cases, the advice of the police will be followed.

4.5 Where it is not appropriate for the CFO to be involved, then the Chief Officer will act in their stead and may choose to delegate that responsibility to the Director, Group Finance and Performance.

4.6 The Panel will be convened and will liaise for as long as the CFO deems it necessary.

## 5. The fraud investigation

5.1 Once a decision has been made to launch an investigation, the Assistant Director, Group Finance and Performance – in discussion with Internal Audit and the CFO – will see that an officer is appointed to lead and conduct the investigation as per section 3.2 part d) above. The Investigating Officer will in most cases be drawn from the Internal Audit team. It may, however, be necessary to draw on external investigative resources; either to lead or support the investigation. Whoever is involved must be appropriately qualified and have the requisite knowledge of criminal law, the GLA's anti-fraud and corruption framework and GLA disciplinary and other relevant policies.

### **Box C: Taking immediate action to prevent further loss**

Where there are grounds for suspecting a member or members of staff of fraud, the Fraud Response Panel will decide whether it is necessary to take immediate action to prevent further loss. Most likely this will involve the staff member(s) being suspended.

It may be necessary to plan the timing of informing the member of staff of the suspension to prevent them from destroying, tampering with or removing evidence that may be needed to support disciplinary or criminal action. In these circumstances, the staff member(s) will be approached unannounced and will be supervised at all times before leaving the GLA's premises. They should be allowed to collect personal property under supervision; but should not be able to remove any property belonging to the GLA, including mobile devices. Any security passes and keys to premises, offices and furniture will be returned. System logins should be suspended, including remote and mobile access.

Any decision to suspend will be in line with policies and following advice from People function.

The Panel will also determine what other immediate – temporary or permanent – measures are required to prevent further loss and secure evidence. That may include stopping payments, grants, loans or transactions; strengthening systems or building security; adapting processes; or suspending contract arrangements.

5.2 The Director Group Finance and Performance and the Investigating Officer will ensure the investigation's terms of reference are clear, setting out at a high level the:

- nature of the reported wrongdoing
- scope and focus of the investigation
- persons who will work on and support the investigation
- resources required for the investigation
- witnesses to be interviewed
- searches required
- records to be collected and analysed
- reporting arrangements, including with external parties
- expected outcomes from the work; including reconstructing the method and means of the suspected fraud, understanding its extent and value, gathering evidence and building a case, and identifying vulnerabilities

5.3 The terms of reference may need to be refined and may evolve as the investigation progresses. The Investigating Officer will discuss and agree any changes with the Director, Group Finance and Performance.

### **Investigations and searches**

5.4 The Investigating Officer will hold a preliminary interview or interviews with the person(s) raising the concern, where that has been the reason for the investigation. It will be made clear, where relevant, they will be protected by the GLA's Whistleblowing Policy.

#### **Box D: Dealing with employees under suspicion**

The Fraud Response Panel will:

- seek a steer from and work with the police, if involved, to determine whether the employee needs to be interviewed under suspicion of having committed a criminal offence
- where considered necessary, require the Investigating Officer to arrange a search of the suspected employee's work area and IT records
- keep under review and decide whether a member of staff should be suspended
- allow trade union assistance if requested, to support individuals and to ensure the integrity of the evidence

People Function will support all staff affected by a fraud investigation, whether directly or indirectly, including directing individuals towards sources of counselling and advice and applying relevant policies. At all times, HR policies will frame and inform actions taken.

5.5 If the subject of the investigation is to be interviewed by the Investigating Officer, the Officer must be trained and the context of the interview decided on: in particular, whether the interview is for internal disciplinary purposes or for the suspicion of a criminal offence. Interviews for a criminal offence should not be undertaken by staff who are not trained in the requirements of the Police and Criminal Evidence Act 1984. Such interviews must only occur after the police have been consulted.

5.6 The Investigating Officer must have the knowledge and skills to conduct any searches legally, both under civil and criminal law, so as not to expose the organisation to any undue risk. Again, any searches should be conducted only after the police have been consulted.

#### **Reporting on progress**

5.7 The Investigating Officer's first point of contact shall be the Director, Group Finance and Performance or their nominee. They will periodically update the Fraud Response Panel, including on:

- the circumstances surrounding the case
- progress with the investigation
- an estimate of resources and actions required to conclude the investigation and issues arising that might be impeding the investigation

- quantification of losses
- recovery action
- disciplinary action
- criminal investigation and action
- weaknesses identified and actions recommended or being taken to address them

5.8 Having completed the investigation, the Investigating Officer will agree a report with the Director, Group Finance and Performance to submit to the Response Panel; and, ultimately, for the CFO to sign off.

#### **Box E: Media liaison and internal communications**

The Chief Officer will decide on an approach to media engagement and internal communications during and after the investigation. They will do so following advice from the CFO, Response Panel and AD External Relations – and a steer from the Mayoral Team.

## **6. Actions from the fraud investigation**

6.1 The Response Panel will decide what, if any, action should be taken as a result of the investigation; both relating directly to the matter being investigated and, more generally, to prevent and detect similar incidents. Naturally the Investigating Officer's final report will inform the Group's

decisions. But where it is practicable and sensible, some or all actions may be set in train before the report is finalised. Likely areas for action include the below.

#### Feeding back to the person raising the initial concern

6.2 The Response Panel will decide how and what stage to provide, in confidence, feedback to the person(s) who raised the initial concerns.

#### Disciplinary action

6.3 Fraud is gross misconduct under the GLA's Disciplinary Procedure – potentially leading to summary dismissal. The relevant AD / Head of Service will oversee the process, working with People function and the individual's line manager. Guidance must be sought from the Response Panel before disciplinary action is initiated. Disciplinary action must follow the set procedure.

6.4 Where there is an on-going police investigation, it may still be appropriate for the GLA to proceed with disciplinary action. Prior to commencing any action advice will be sought from the police to ensure any criminal investigation will not be compromised. The GLA's interests must be considered in these circumstances and the Response Panel will take a decision as to whether to instigate internal disciplinary proceedings in parallel with any police investigation.

#### Professional sanctions

6.5 The GLA will inform the individual's professional regulatory body if there is a proven case of fraud. Once again, care should be taken to ensure such a referral does not impact on any criminal investigations. Referrals will be made by the relevant AD/ Head of Service.

#### Civil recovery

6.6 Recovering losses is a major objective of any fraud investigation. Where the loss is substantial, legal advice will be obtained about the need to freeze, and feasibility of freezing, through the courts, the subject's assets, pending conclusion of the investigation. Legal advice will also be obtained about the prospects of recovering losses through the civil courts, where the subject refuses repayment. The GLA will normally seek to recover its costs in addition to any losses as a result of the fraud; it will balance the need to take action as a deterrent with achieving value for money for the taxpayer. Legal advice should be sought on the appropriate action on a case-by-case basis.

#### Strengthening systems and learning lessons

6.7 Where the investigation identifies vulnerabilities in a particular system or process, or a lack of safeguards, the relevant AD / Head of Service will draw up an action plan to address the vulnerabilities. They will report back to the Director, Group Finance and Performance on progress in implementing the actions. Where there are vulnerabilities that cut across GLA systems, the Director, Group Finance and Performance will lead the action planning. They will also ensure any wider lessons are learned and acted on.

6.8 The Director, Group Finance and Performance will see that this Response Plan is updated as necessary based on learning from how the case was handled. It will in any event be reviewed periodically alongside the Anti-Fraud and Corruption Policy.

#### Reporting to the Audit Panel and the Mayor

6.9 Incidents of fraud will be reported to the subsequent meeting of the Audit Panel, once initial fact finding has been undertaken. Where the case is serious and ongoing, updates will be provided at subsequent meetings.

6.10 The most serious incidents of fraud will be reported to the Mayor by the CFO or the Chief Officer as soon as the facts have been established. The Chair of the Audit Panel will also be informed. Periodic updates will follow as appropriate.

6.11 Confirmed incidents of fraud will also be referenced in the GLA's Annual Governance Statement, although it will not always be appropriate to include full – or even any – details in a public document; for example, if the investigation or a criminal case is ongoing.

#### Dealing with complaints about the investigation

6.12 Any complaints by staff will be dealt with under the GLA's conflict resolution procedure as appropriate. Complaints from outside parties will be dealt with under the GLA's formal staged complaints process.

## Appendix B: Fraud risks

The following have been identified as the main fraud risks facing the GLA. Each responsible officer has completed a more detailed assessment of controls, mitigations and residual risks, which they are responsible for keeping updated and reviewing every six months.

Category	Sub-areas/Vulnerabilities	Responsible officer
Theft or misuse of IT equipment (including by staff)	<ul style="list-style-type: none"> <li>• Theft of mobile or other IT equipment</li> <li>• Misuse of mobile or other IT equipment</li> <li>• Misappropriation of IT equipment (e.g. falsely ordering and delivering to own address)</li> <li>• Retention of IT equipment after leaving</li> </ul>	Director of Digital
Theft or misuse of other non-fixed assets	<ul style="list-style-type: none"> <li>• Theft of office equipment</li> <li>• Misuse of office equipment</li> <li>• Misappropriation of office equipment (e.g. falsely ordering and delivering to own address)</li> <li>• Unapproved retention of GLA provided equipment after leaving</li> </ul>	Head of Facilities Management
Estates management	<ul style="list-style-type: none"> <li>• Estates management (fraudulent letting and contract fraud)</li> <li>• Fraudulent sub-letting of GLA building space</li> </ul>	Head of Facilities Management (GLA properties) AD, Land & Property (GLAP land and properties)
Treasury	<ul style="list-style-type: none"> <li>• Misuse or diversion of treasury monies</li> <li>• Failure to follow controls over investments and transfers</li> <li>• Unauthorised deviation from investment strategy</li> </ul>	Chief Investment Officer
Payroll and recruitment	<ul style="list-style-type: none"> <li>• Overpayment of salary</li> <li>• Ghost/echo employees</li> <li>• Falsified employment of consultant staff (fraudulent invoicing)</li> <li>• Temps submitting false/inflated timesheets</li> <li>• False payment of overtime</li> <li>• Working elsewhere on sick leave</li> <li>• Running businesses on GLA's own time/resources</li> <li>• Employment under false pretences (including fraudulent references)</li> <li>• Forged/false sick notes</li> <li>• Taking leave beyond entitlement</li> <li>• Employing staff with record of fraudulent behaviour</li> <li>• Pension fraud</li> </ul>	AD, People Function

Category	Sub-areas/Vulnerabilities	Responsible officer
Expenses & benefits	<ul style="list-style-type: none"> <li>• Use of corporate cards for personal gain</li> <li>• False/inflated expense claims</li> <li>• Intentional retention of overpayment</li> <li>• Overclaiming / falsely claiming for benefits</li> <li>• False staff loan applications</li> </ul>	Director, Financial Services
Gifts & hospitality / Bribery	<ul style="list-style-type: none"> <li>• Inappropriate receipt of Gifts and Hospitality</li> <li>• Inappropriate giving of hospitality</li> <li>• Failure to declare conflicts of interest</li> </ul>	Monitoring Officer
Suppliers/Payments/Accounts	<ul style="list-style-type: none"> <li>• False creation of suppliers</li> <li>• Supplier submitting invoices for work contracted but not delivered or delivered poorly (product substitution)</li> <li>• Suppliers submitting false/duplicate invoices</li> <li>• Diverted payments, e.g. by staff to personal accounts</li> <li>• Mandate fraud: fraudsters purport to be from a supplier and request a change to a direct debit, standing order or bank account details to divert payments to themselves</li> <li>• Fictitious and unqualified suppliers</li> <li>• Inflated claims submitted by suppliers – greater risks given payment in advance, payment on order instead of receipt, and payment by results</li> <li>• Fraudulent progress reports submitted by suppliers</li> <li>• Manipulation of accounts and records</li> </ul>	Director, Financial Services
Small grants	<ul style="list-style-type: none"> <li>• Misuse of grant/project funding</li> <li>• Diversion/theft of monies</li> <li>• Multiple applications using different identities</li> <li>• Knowingly applying when ineligible</li> <li>• Claiming for outputs not delivered</li> </ul>	Head of Grant Giving Relevant ADs / Heads of (specific grant programmes)
Housing grants	<ul style="list-style-type: none"> <li>• Misuse of grant/project funding</li> <li>• Diversion/theft of monies</li> <li>• Multiple applications using different identities</li> <li>• Knowingly applying when ineligible</li> <li>• Claiming for outputs not delivered</li> </ul>	AD Housing Investment & Operations
AEB and skills grants	<ul style="list-style-type: none"> <li>• Misuse of grant/project funding</li> <li>• Diversion/theft of monies</li> <li>• Multiple applications using different identities</li> <li>• Knowingly applying when ineligible</li> <li>• Claiming for outputs not delivered</li> </ul>	AD, Skills & Employment

Category	Sub-areas/Vulnerabilities	Responsible officer
Regeneration and economic development grants (including UK Shared Prosperity Fund)	<ul style="list-style-type: none"> <li>• Misuse of grant/project funding</li> <li>• Diversion/theft of monies</li> <li>• Multiple applications using different identities</li> <li>• Knowingly applying when ineligible</li> <li>• Claiming for outputs not delivered</li> </ul>	AD, Planning & Regeneration AD, Economic Development and European Programmes Head of Regeneration
EU Funding	<ul style="list-style-type: none"> <li>• Misuse of European Funds</li> </ul>	AD, Economic Development and European Programmes
Insurance/Legal	<ul style="list-style-type: none"> <li>• Unable to discredit false civil claims (re. Squares)</li> <li>• Other insurance frauds</li> </ul>	Head of Facilities Management Director, Financial Services
Planning	<ul style="list-style-type: none"> <li>• Improper use of Mayoral planning powers</li> <li>• Fraud in making of planning applications</li> <li>• Bribery of officers with regard to planning application decisions</li> <li>• Failure to declare conflicts of interests</li> </ul>	AD, Planning and Regeneration
Cyber-security / Phishing	<ul style="list-style-type: none"> <li>• Ransomware: malicious software that threatens to publish the victim's data or perpetually block access to it unless a ransom is paid</li> <li>• Phishing: fraudulent attempt to obtain sensitive information such as usernames, passwords and credit card details by disguising as a trustworthy entity in an electronic communication</li> <li>• Malware and other electronic attacks: any software or attacks by other electronic means intentionally designed to cause damage to a computer or network or steal GLA data</li> <li>• Social engineering: use of deception to manipulate individuals into divulging confidential or personal information that may be used for fraudulent purposes</li> </ul>	Director of Digital
Loans/AML	<ul style="list-style-type: none"> <li>• Fraudulent info supplied in loan applications</li> <li>• Use of false identity in loan applications</li> <li>• Money Laundering activity including terrorism financing</li> </ul>	Chief Investment Officer
Procurement	<ul style="list-style-type: none"> <li>• Procurement process designed/manipulated to favour a particular supplier (spec, PQQ or evaluation stage)</li> <li>• Conflicts of interest not identified/managed</li> <li>• Exaggerated contract spec/requirements to facilitate inflated claims/payments</li> <li>• Collusion and cartel activity</li> <li>• Provision of fraudulent information as part of bidding process</li> </ul>	GLA Business Partner – TfL Collaborative Procurement Team

