Audit and Assurance Committee

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Date: 5 June 2024

Item: Counter-fraud and Corruption Plan to 2030

This paper will be considered in public

1   Summary

1.1   This paper sets out details of the TfL Counter-fraud and Corruption Plan to 2030.

1.2   A paper is included on Part 2 of the agenda which contains exempt supplementary information. The information is exempt by virtue of paragraphs 3 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and information relating to action which might be taken in relation to prevention, investigation, or prosecution of a crime. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2   Recommendation

2.1   **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

3   Background

3.1   According to a House of Lords report, published in November 2022, "fraud is the most common crime in this country today. An adult aged 16 or over in England and Wales is more likely to become a victim of fraud than any other individual crime type". Fraud now accounts for over 40 per cent of all reported offences in England and Wales. Economic crime costs UK businesses tens of billions of pounds every year. A significant amount goes undetected, or only surfaces many years later, making the recovery of any losses and prosecution of offenders challenging and under-reporting is commonplace.

3.2   As such, TfL has a zero-tolerance approach to economic crime. In May 2019 TfL issued its first Counter-fraud, Bribery and Corruption strategy and action plan. This primarily focussed on building the capability of the Counter-fraud and Corruption (CFC) team, improving mechanisms for the reporting of economic crime and raising awareness of fraud and corruption across TfL. To build upon the successes of the 2019 strategy, a new plan to 2030 has been developed with a collaborative pan-TfL approach across the value chain.

3.3   In developing TfL's Counter-fraud and Corruption Plan to 2030, consideration has been given to Government guidance on the management of fraud and corruption within the public sector issued by Public Sector Fraud Authority, the new "failure to prevent fraud" corporate offence, forming part of the Economic Crime and Corporate Transparency Act 2023, and the TfL Strategy launched in June 2023. The Counter-fraud and Corruption Plan aligns with the security and

finance parts of the TfL Strategy and seeks to further develop pan-TfL fraud and corruption prevention and detection capabilities.

3.4 The Counter-fraud and Corruption Plan has the full support of and commitment from the Executive Committee and senior leaders so that we can collectively protect TfL from the continued and real threat of economic crime.

3.5 Therefore, preventing fraud and corruption and protecting our organisation, is at the heart of the Counter-fraud and Corruption Plan. While significant progress has been made in recent years there is still more to be done. Poor or substandard anti-fraud controls can be exploited and can inflict significant financial and reputational damage.

3.6 The Counter-fraud and Corruption Plan has three pillars, Prevent and Deter, Detect, and Pursue, details of which are set out in the paragraphs below.

Prevent and Deter

3.7 To continue to prevent and deter fraud and corruption and protect TfL through:

(a) effective pan-TfL training and educational programmes;

(b) pro-active employee communications;

(c) development of pressure testing exercises of our existing systems and processes;

(d) continuous improvements to our anti-fraud controls, from lessons learnt;

(e) strong governance, risk assessment and mitigation;

(f) a pan-TfL focus on high ethical standards, in collaboration with internal stakeholders, outside agencies and our suppliers;

(g) disruption exercises; and

(h) publications of outcomes, as appropriate.

Detect

3.8 To continue to detect fraud and corruption through such measures as:

(a) enhanced capability;

(b) improved use of datasets and analytics;

(c) first line pro-active monitoring activities;

(d) new and innovative detection methodologies; and

(e) audits of suppliers to identify suspected fraud and corruption and ensure control measures are in place to prevent fraud.

Pursue

3.9 To continue to pursue those who commit fraud and corruption offences against TfL, by taking robust action through:

(a) pursuing the proceeds of crime and seeking the recovery of financial losses;

(b) working closely with law enforcement agencies to obtain best outcomes; and

(c) seeking to maximise the funds we can recoup.

Action Plan

3.10 A number of priority actions have been linked to each pillar, including the development and introduction of a pan-TfL fraud risk assessment and review process. The CFC team will be progressing these actions with other TfL teams and external organisations.

3.11 Progress updates on the action plan will be provided to future meetings of the Committee as part of the Risk and Assurance quarterly reports. The Anti-fraud and Corruption Policy will be updated to reflect the Counter-fraud and Corruption Plan to 2030.

3.12 Further details of TfL's Counter-fraud and Corruption Plan are set out in the related paper on Part 2 of the agenda.

List of appendices to this report:

A paper containing exempt supplementary information is included on Part 2 of the agenda.

List of Background Papers:

None

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