

ANTI-FRAUD AND CORRUPTION STRATEGY

1. INTRODUCTION

The Council is determined to prevent its utilisation in activities of fraud and corruption. In order to ensure that, not only, does it minimise opportunities for fraud and corruption to go undetected, but that waste of resources is also minimised, the Council has set up a series of procedures which are summarised here.

2. PRINCIPLES OF PUBLIC LIFE

As part of the Council's anti-fraud strategy and specifically its approach to creating a transparent and open organisational culture; our Members and Staff will adhere to Nolan's Seven Principles of Public Life. These are:

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial benefits for themselves, their family or friends.

Integrity

Holders of public office should not place themselves under any financial obligation to outside individuals or organisations that might influence them in the performance of their duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

ANTI-FRAUD AND CORRUPTION STRATEGY

3. DECLARATIONS

Members and Staff make declarations about interests and influences. All Members annually declare their direct interests, which are recorded in a register held by Democratic Services and are available for public inspection. Members are required to notify any change in their interests within 28 days of that change.

At Council meetings Members declare their interest in any matters, which are on the agenda for discussion. Records of such declarations are held by the Democratic Services.

Members receiving hospitality or gifts are required to declare the receipt and a register of such declarations is held by the Democratic Services.

All staff declare their direct interests annually and a register of such interests is held by the Personnel and Performance Section.

Staff receiving hospitality or gifts are required to declare the receipt and a register of such declaration is held by the Personnel and Performance Section.

Each of the above mentioned records are available for public inspection at any reasonable time.

4. SCRUTINY FUNCTION

The Council has three Scrutiny Committees:

- Overview and Scrutiny - Economy and Regeneration Committee
- Overview and Scrutiny - Community and Environment Committee
- Overview and Scrutiny - Corporate Service Committee

The Scrutiny Committees cover the whole range of Council activities and can look at any aspect of a service under their remit that they decide.

The political membership of each Committee is proportionate to the political split of the Council and the Chairman of one of the Scrutiny Committees must be from the major opposition party.

The Corporate Services Scrutiny Committee acts as the Council's Audit Committee and is charged with responsibility of Governance for the Council.

ANTI-FRAUD AND CORRUPTION STRATEGY

5. STANDARDS COMMITTEE

The Council has a Standards Committee, with a constitution as follows:

Chair - lay person (non-Councillor)

Two further lay members

Borough Councillors in proportion to the parties on the Council

A representative from one of the Borough's 3 Parish Councils

They consider the conduct of Members of the Council. Any matter, which is serious, is referred to the National Standards Board for consideration and potential action.

6. FINANCIAL REGULATIONS

The fundamental core to the Council's Anti-Fraud and Corruption Strategy are the Council's Financial Regulations and Contract Standing Orders and other policies and procedures which are mentioned in and emanate from them.

7. INTERNAL AUDIT

An active Internal Audit Service is provided by Furness Audit:

- Answerable to the Borough Treasurer
- Reporting in detail direct to Management Team
- Reporting quarterly to the Corporate Services Scrutiny Committee (in its role as Audit Committee)
- With permission to bypass the usual reporting procedures and go direct to Members or the District Auditor if the necessary situation arises.

Internal Audit review in rotation, with weighted frequency and resource, the services and functions of the Council, to assist in ensuring the adequacy of the Council's internal control environment. In addition they perform periodic spot checks to ensure established controls remain in place.

ANTI-FRAUD AND CORRUPTION STRATEGY

8. EXTERNAL AUDIT

External Audit is provided by the Audit Commission, an independent agency of Government.

The Audit Commission role is set by the Code of Audit Practice, under which they have two specific responsibilities in relation to our accounts and arrangements for use of resources:

1. For the audit of the Council's financial statements and statements on internal control

They give an opinion whether the statements present fairly the financial position of the Council and its expenditure and income, and whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.

2. For the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

The Commission has a duty to satisfy itself that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The code requires that the Commission give a conclusion on whether such arrangements are satisfactory. In meeting this responsibility they need to review and, where appropriate, examine evidence that is relevant to our corporate and financial management arrangements and report on such arrangements. They also have a responsibility to consider, and report on, our compliance with statutory requirements in respect of the preparation and publication of our best value performance plan.

9. WHISTLE BLOWING (receipt of concerns from staff or members)

The Public Interest Disclosure Act 1998 promotes responsible whistle blowing and provides protection for employees and members who raise concerns internally and then where appropriate externally.

We introduced this strategy to enable staff and members to raise concerns about any applicable malpractices at an early stage and in the correct way; i.e. firstly with line manager, secondly with the Borough Treasurer or other senior officer, and thirdly Internal Audit (or directly to if you do not consider any or both steps one and two appropriate).

ANTI-FRAUD AND CORRUPTION STRATEGY

A qualifying disclosure is where an employee reasonably believes one of the following has occurred or is likely to occur:

- a criminal offence
- a breach of a legal obligation
- a miscarriage of justice
- a danger to the health and safety of any individual
- damage to the environment or
- deliberate covering up of information to show any of the above

The District Auditor, under employment of the Audit Commission, is a prescribed body under the terms of the Public Interest Disclosure Act (PIDA), 1998 for members of staff or the public to use as an alternative vehicle for informing of concerns.

The Council has operated a Whistle Blowing facility since 10th April 1997 where Members the Council or Staff with concerns about the probity of actions can report without fear of reprimand. The Council made the following policy statement at the time:

"This Council believes that staff should be able to work in an environment free from fear and oppression and actively encourages them to speak out and reveal fraud, malpractice and illegal activities.

All Council employees should be made aware of the potential existence and effect of fraud against the Council.

All employees should be encouraged to report malpractices, which are considered unacceptable in the Code of Conduct.

The Council will support all concerned employees, protect them from reprisals and do everything to protect their confidentiality.

Managers will be trained to ensure that they are open to employees approaching them with concerns and are aware of how to act. Managers have an absolute duty to act on employees concerns and failure to do so is a disciplinary matter.

Normally employees should raise concerns via their line managers, however, where they perceive that such a course of action is not appropriate; they should raise it with Internal Audit. Officers will liaise with the Internal Audit Agency supplier to ensure that there is a telephone number available away from the Council's premises where reports can be made.

Victimising or otherwise deterring an employee from raising a concern about fraud or abuse is a serious disciplinary offence.

The abuse of the system by the raising of unfounded allegations maliciously is a serious disciplinary offence.

ANTI-FRAUD AND CORRUPTION STRATEGY

Employees who have reported matters should be kept informed of the results of investigations or actions taken within the parameters of not jeopardising ongoing investigations or disclosing confidential third party information."

Furness Audit operates a confidential 24 hour free phone (0800 389 2330) by which means members of the Council or staff can anonymously (if wished) report their concerns.

All reported concerns (except for reports of housing or council tax benefit abuses - see below) will be confidentially investigated by Furness Audit.

All reports of potential housing or council tax benefit abuses will be investigated by the fraud section of Liberata.

Where investigations show the probability of abuse the matter and findings is to be referred to the Borough Treasurer (unless the Borough Treasurer is seen to have a substantial interest in the abuse) who will determine, in consultation with fellow members of the Council's Management Team, any follow up action including sanctions and prosecution where appropriate.

Where the Borough Treasurer is seen to have a substantial interest in the abuse, the matter and findings should be referred to another member of the Council's Management Team, where appropriate, or, if not appropriate, the District Auditor.

Wherever possible, subject to confidentiality or the interests of justice, the original reporter should, within reason, be kept advised of progress on any investigation.

The Whistle blowing Policy should be advertised to members of the Council and staff from time to time.

10. RECEIPT OF CONCERNS FROM MEMBERS OF THE PUBLIC.

The free phone (0800 389 2330) facility, operated by Furness Audit is also available for members of the public to report their concerns. Reporters can either give their names and contact details or remain anonymous.

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ANTI-FRAUD AND CORRUPTION STRATEGY

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The availability of the free phone is advertised on Council Literature and in the media from time to time.

11. AUTHORISATION OF DETAILED INVESTIGATIONS

From time to time it may be necessary to carry out investigations in depth into various matters of concern, whether raised internally or externally.

Where these involve the "covert" (secret or disguised) observation of any individual or property, authorisation must be formally sort on the Council's official form, which should be authorised in advance by the Monitoring Officer (or in his absence, the Director of Regeneration, Chief Executive or Borough Treasurer) in accordance with the Council's Covert Surveillance Policy.

In exceptional circumstances, where totally unavoidable, post dated approval should be obtained as soon as possible, including detailed explanations.