



NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

April 2011

NEWCASTLE UNDER LYME BOROUGH COUNCIL
ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

CONTENTS

	Page
1.0 INTRODUCTION	3
2.0 CULTURE	5
3.0 PREVENTION	7
4.0 DETECTION AND INVESTIGATION	10
5.0 TRAINING	11
6.0 CONCLUSIONS	12

NEWCASTLE UNDER LYME BOROUGH COUNCIL
ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

1.0 INTRODUCTION

- 1.1 Newcastle-under-Lyme Borough Council fully recognises its responsibility in relation to the spending of public money and is committed to the fullest support for members and staff in upholding the reputation of the Council and maintaining public confidence in its integrity.
- 1.2 The culture and procedures of the Council are intended to ensure that high standards in public life apply throughout the Authority. The Council is aware of the importance of ensuring that members and staff are fully aware of their personal responsibilities. The key documents which encompass those personal responsibilities are referred to below:
- Standing Orders,
 - National Code of Local Government Conduct,
 - Financial Regulations,
 - Employees Code of Conduct
 - Terms of Reference of Committees, and
 - Scheme of Delegation.
- 1.3 The Council also expects that individuals and organisations (e.g. suppliers/contractors) which it comes into contact with, will act towards the Council with integrity and without thought or actions involving fraud or corruption. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.
- 1.4 In administering its aims and responsibilities the Council is totally committed to deterring fraud and corruption whether it is attempted on or from within the Council and is committed to an effective anti-fraud and anti-corruption strategy designed to:
- limit, as far as possible, the opportunities to commit fraudulent acts - **prevention**,
 - enable any such acts to be **detected** at an early stage, and
 - deal with any subsequent **investigations** in a prompt, thorough and professional manner.
- 1.5 Overall responsibility for dealing with fraud and corruption rests with the Executive Director (Resources & Support Services) who is the nominated Section 151 Officer having a statutory duty under Section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs. He is therefore the principal contact for all staff and members.
- 1.6 Internal scrutiny of the Council's various activities occurs as a result of:-

-
- the Executive Director (Resources & Support Services) Section 151 responsibilities and Section 114 Local Government Finance Act 1988 responsibilities,
 - the establishment of sound Internal Audit arrangements in accordance with the Accounts and Audit Regulations 2003 (amended 2006), and
 - the responsibilities placed on the Head of Central Services as Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

1.7 External scrutiny of the Council's various activities occurs as a result of involvement by:-

- Local Government Ombudsman,
- External Auditor,
- Audit Commission,
- Central Government Departments and Parliamentary Committees,
- HM Customs and Excise,
- Inland Revenue,
- The Department of Work and Pensions, or
- The General Public.

1.8 This Anti-Fraud and Anti-Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:-

- Culture, section 2.0,
- Prevention, section 3.0,
- Detection and investigation, section 4.0, and
- Training, section 5.0.

2.0 CULTURE

- 2.1 The Council has determined that the culture and ethics of the Authority is one of honesty and openness in all its dealings, with opposition to fraud and corruption.
- 2.2 The Council's members and staff play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation.
- 2.3 Concerns can be raised knowing they will be treated seriously and properly investigated in a confidential and impartial manner. In raising concerns staff can be assured that there will be no victimisation, and anonymity will be respected wherever possible and will not affect their employment situation or future prospects with the Council.
- 2.4 Staff can raise their concerns in the first instance with their line manager but where staff feel unable to raise concerns with their immediate line manager/ supervisor they can deal direct with any of the following:-
- the Section 151 Officer (Executive Director Resources & Support Services),
 - the Chief Executive,
 - the Monitoring Officer (Head of Central Services)
 - Executive Directors,
 - Internal Audit,
 - the External Auditor, or
 - any Trade Union Representative.
- 2.5 Elected members, suppliers, contractors, and the general public are also encouraged to report concerns through any of the above routes.
- 2.6 A whistle blowing web address is provided for contractors and external bodies to inform the Council of any concerns that they may have (whistleblowing@newcastle-staffs.gov.uk). These will be investigated in line with Council policies.
- 2.7 If an employee considers that the internal options for raising concerns are not appropriate he/she has the further option of raising the matter through 'Public Concern At Work'. This is a registered charity whose services are free and strictly confidential. They may be contacted on 020 7404 6609.
- 2.8 Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner.
- 2.9 Senior Management are responsible for dealing with any allegations of fraud and corruption that they receive in consultation with the Executive Director (Resources & Support Services), Section 151 Officer (in accordance with financial regulations) and they will do so in a thorough, prompt, professional and impartial manner.

-
- 2.10 The investigating officer, usually an Internal Auditor, or in the case of Housing Benefit Frauds the designated investigating officer will;-
- deal promptly and confidentially with the matter,
 - record all evidence received,
 - ensure that evidence is sound and adequately supported,
 - ensure security of all evidence collected,
 - liaise as necessary and appropriate with the relevant Executive Directors, Corporate and Service Managers,
 - liaise as necessary with external agencies e.g. Police,
 - notify the Council's insurers if appropriate , and
 - implement Council disciplinary procedures where appropriate.
- 2.11 The Council can be expected to deal swiftly and thoroughly with any member of staff who attempts to defraud the Council or who is corrupt. The Council will deal positively with fraud and corruption or suspicions thereof.
- 2.12 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 2.13 When it is found that fraud or corruption has occurred due to a break down in the Council's systems or procedures, Executive Directors will ensure that appropriate improvements in systems of control are implemented in order to prevent a reoccurrence.

3.0 PREVENTION

3.1 STAFF

- 3.1.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard temporary and contract staff should be treated in the same manner as permanent staff.
- 3.1.2 Staff recruitment is required, therefore, to be in accordance with procedures laid down by the Council. Written references covering the known honesty and integrity of potential staff and evidence of qualifications will always be obtained. There will be an open and fair policy of recruitment with no 'canvassing' or 'favouritism'.
- 3.1.3 Staff of the Council are expected to follow any Code of Conduct relating to their personal Professional Body and also abide by the terms and conditions of employment as set out in the Employees' Handbook and the National Scheme of Conditions. The Council will report any known impropriety to the relevant Institution for them to consider appropriate disciplinary action.
- 3.1.4 Staff are reminded that they must comply within Section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or are proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.
- 3.1.5 All staff are required to observe the formal Disciplinary Procedures.
- 3.1.6 All staff are required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Authority. Employees should also declare private work etc., which if permitted must be carried out during hours when not employed on Council work, and should not be conducted from Council premises. Staff attention is drawn to Section 4 in the Employees' Handbook, May 2000, on Official Conduct.
- 3.1.7 These matters are brought to the attention of employees via the issue of the Employees' Handbook and subsequently by internal communications.

3.2 MEMBERS

- 3.2.1 Members are required to operate within:-
- Local Authorities (Members' Interest) Regulations 1992 (S.I. 618)
 - The National Code of Local Government Conduct, and
 - The Council's Standing Orders and Financial Regulations.
- 3.2.2 These matters are specifically brought to the attention of elected members at their induction and subsequent training. Members are required to provide the Executive Director (Resources & Support Services) with specific information

concerning their direct or indirect pecuniary interests and to keep that information up to date.

3.3 SYSTEMS

- 3.3.1 The Council has recently reviewed its Scheme of Delegation, Standing Orders and Financial Regulations. These place a duty on all members and employees to act in accordance with best practice when dealing with the affairs of the Council.
- 3.3.2 The Executive Director (Resources & Support Services) has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of financial affairs. Various Codes of Practice outlining systems, procedures and responsibilities are widely distributed to employees.
- 3.3.3 Internal Audit assesses regularly the level of risk within the Council with a view to preventing fraud and corruption. Such assessments are discussed with Executive Directors and, where appropriate, incorporated into work plans.
- 3.3.4 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties. The adequacy and appropriateness of the Council's financial systems are independently monitored by both Internal and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective action is taken. The Section 151 Officer will use his statutory power to enforce the required changes if necessary.
- 3.3.5 Executive Directors will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses (e.g. in relation of the level of vacancies, sickness, absence and annual leave patterns).
- 3.3.6 It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. Staff are therefore encouraged to liaise with those other agencies, exchanging information, where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:-
- other local and statutory authorities,
 - Treasurers' Associations and Societies,
 - local, regional and national Auditor networks,
 - government departments,
 - police forces,
 - the Audit Commission, and
 - the National Anti-Fraud Network.
- 3.3.7 The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Issues relating to fraud and

corruption will be passed directly to the Executive Director of (Resources & Support Services).

- 3.3.8 The Council will involve the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the Section 151 Officer, Monitoring Officer, and the Chief Executive to decide in consultation with the relevant Executive Director.

4.0 DETECTION AND INVESTIGATION

- 4.1 The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.
- 4.2 It is often the alertness of elected members, Council staff, and the general public to the possibility of fraud and corruption that enables detection to occur and appropriate action to take place.
- 4.3 Many frauds are discovered by chance, 'tip-off' or general audit work and arrangements are in place to enable such information to be properly dealt with, see Section 2.10.
- 4.4 Executive Directors are required by Financial Regulations to report all suspected instances of fraud and corruption to the Section 151 Officer, Executive Director (Resources & Support Services). Early reporting is essential to the success of this strategy, and;
- ensures the consistent treatment of information regarding fraud and corruption,
 - facilitates a thorough investigation of any allegation received by an independent unit (Internal Audit), and
 - ensures maximum protection of the Council's interests.
- 4.5 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
- 4.6 The Council's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviour.
- 4.7 The Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.
- 4.8 The Council's External Auditor will examine the Council's arrangements for the prevention, detection and investigation of fraud and corruption and will report accordingly.

5.0 TRAINING

- 5.1 The Council recognises the importance of training in the delivery of high quality services. The Council supports the concept of fraud awareness training for managers and for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Executive Directors will allow for such training when their individual training budgets are being prepared and subsequently allocated.
- 5.2 Investigation of fraud and corruption centres around the Council's Internal Audit and Housing Benefits Sections. Staff of these sections who are involved in this work are properly and regularly trained in all aspects of it. The training plans of the Sections will reflect this requirement
- 5.3 Staff who ignore such training and guidance may face the possibility of disciplinary action.
- 5.4 Regular training seminars will be provided for Members on a wide range of topics including declarations of interest and the National Code of Conduct.

6.0 CONCLUSIONS

- 6.1 The Council's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud and corruption. All such measures will be kept under constant review to ensure that they keep pace with developments in preventative and detection techniques regarding fraudulent or corrupt activity.
- 6.2 The Council will maintain a continuous review of all its systems and procedures through the Section 151 Officer, Executive Director (Resources & Support Services) and Internal Audit.