

EASTBOURNE BOROUGH COUNCIL

ANTI FRAUD AND CORRUPTION POLICY

Introduction

Eastbourne Borough Council (the Council) has a responsibility to protect the public funds it administers together with its assets. In administering its responsibilities, the Council is set against fraud and corruption, whether it is attempted on the Council from the outside or inside. It is committed to an effective Anti Fraud and Corruption Policy designed to:

- Encourage prevention
- Promote detection
- Identify a clear pathway for investigation

The Council is subject to external scrutiny of its affairs by a number of bodies who also have an interest in its policy to combat fraud and corruption. These organisations include:

- Local Government Ombudsman
- Audit Commission and District Auditor (External Auditor)
- The Public/Council Tax Payers – Annual Inspection of the Accounts
- The Public/Service Users – through the Council’s Complaints Procedures
- Central Government Departments and Parliamentary Committees
- HM Customs and Excise
- The Inland Revenue

As part of District Audit’s statutory duties they are required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

The Council’s Anti Fraud and Corruption Policy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:

- Culture (Section 1)
- Prevention (Section 2)
- Detection and Investigation (Section 3)
- Training (Section 4)

1.0 Culture

1.1 Commitment to Corporate Governance and Organisational Values

The Council is committed to promoting an environment of effective corporate governance (i.e. the systems by which it is directed and controlled) through the openness, integrity and accountability of its Members and Officers. These individuals are expected to lead by example by adhering to legally sound and honest procedures and practices.

The Council also expects that the people and organisations (i.e. suppliers, contractors, and service providers) that it comes into contact with will act towards the Council with integrity and without thought or actions involving fraud and corruption.

The Council has made a commitment to achieving these standards through compliance with its agreed Organisational Values. The Anti Fraud and Corruption Policy and other corporate information already available in the Constitution including Rules of Procedure and Codes and Protocols will therefore underpin the Council's attempt to:

- Conduct its business with integrity and impartiality whilst remaining open and accountable
- Make the most efficient and effective use of public resources
- Encourage co-operative and partnership working
- Consult and listen to local people in its planning and decision making activities
- Support, value and develop staff enabling them to continuously improve the quality of services
- Project clear and positive leadership

1.2 Whistleblowing

The Council's Officers are encouraged by Financial Procedure Rules, Codes of Conduct and other protocol documents to raise any concerns involving fraud and corruption where they are associated with the Council's activities.

Officers are aware that such concerns will be treated in confidence and properly investigated, although anonymity cannot always be guaranteed. Detailed guidance regarding "whistleblowing" under the Public Interest Disclosure Act 1998 is provided to all Officers as Appendix A to this document.

Members of the public can report any concerns through the same channels as Officers or by additional means including the official complaints procedure, the Fraud Hotline or by contacting their elected Member or the External Auditor.

1.3 Benefit Fraud

The Council maintains a separate Housing Benefit and Council Tax Benefit Anti-Fraud Policy relating directly to Benefits. This is supplemented by a Fraud Prosecution Policy and supported by the retention of a Fraud Team solely for the purpose of enquiring into Benefit fraud. Investigations are conducted in accordance with current legislation and best practice.

1.4 Other Fraud and Corruption

Management is responsible for ensuring that allegations of fraud or corruption are dealt with urgently by referring them immediately to the Chief Executive, Director of Finance and Corporate Services or the Head of Audit.

Internal Audit or the relevant Manager (if within the Disciplinary Procedure) will conduct an investigation ensuring that the Chief Executive and Director of Finance and Corporate Services are kept informed. Consequently Internal Audit and Management will, if necessary:

- Notify the Council's Insurance Officer
- Implement the Council's Disciplinary Procedure
- Consider possible Police action
- Notify the External Auditor
- Notify the Leader of the Council

Persons who defraud the Council or who are corrupt will be dealt with swiftly and firmly. Likewise perpetrators of unfounded malicious allegations will be dealt with under the Disciplinary Procedure.

The Council does however recognise that anyone being investigated for fraud or corruption could have serious personal difficulties that may have led to the offence. Members of staff can therefore obtain access to advice and support from the Council's Personnel Section.

2.0 Prevention

2.1 The Role and Responsibilities of Employees

The Council recognises that a key preventative measure in dealing with fraud and corruption is for Managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts. Where references are requested, the candidate's suitability for the post needs to be in accordance with the Person Specification.

The Criminal Records Bureau (CRB) is able to provide access to criminal record information in respect of candidates for certain types of work, i.e. involving access to children or other vulnerable members of society.

From March 2002, this information can also be obtained for other sensitive areas of work.

In order to make use of this facility, Managers must state on the Person Specification that the post is exempt under the Rehabilitation of Offenders Act 1974 and request Personnel Services to seek disclosure from the CRB. Further advice on this procedure can be obtained from Personnel Services.

Officers of the Council are expected to follow any Code of Conduct related to their personal Professional Association and also abide by the Council's Code of Conduct for Employees which sets out the Council's requirement on personal conduct. This Code forms part of the Council's Corporate Personnel Standards Handbook and is referred to and attached to all Contracts of Employment.

The Council has in place Disciplinary Procedures for all categories of Officer.

The role that appropriate Officers are expected to play in the Council's framework of internal control will feature in induction and re-induction procedures.

Officers are reminded under the Council's Rules of Procedure that they must declare to the Head of Paid Service any pecuniary (monetary) and non-pecuniary interests in a contract in accordance with Section 117 of

the Local Government Act 1972. Declarations are open to the inspection of any Member of the Council during office hours.

2.2 The Role of Elected Members

As elected representatives, all Members have a duty to citizens to protect the Council from all forms of abuse. This is done through the Anti Fraud and Corruption Policy and compliance with the National Code of Conduct for Members, the Councils Rules of Procedure and the relevant legislation.

Elected Members sign to the effect that they have read and understood the National Code of Conduct when they take office. These conduct and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests.

2.3 Conflicts of Interest

Both Members and employees must ensure that they avoid situations where there is potential for a conflict of interest. Such situations can arise with externalisation of services, tendering and planning and land issues for example. Effective role separation will ensure that decisions made are seen to be based on impartial advice and avoid questions about improper disclosure of confidential information.

2.4 Internal Control Systems

The Council has Rules of Procedure in place that provide a lead and requirement on Officers, when dealing with the Council's affairs, to act in accordance with best practice.

The Director of Finance and Corporate Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs.

Accordingly, the Director of Finance and Corporate Services has developed Financial Codes of Practice and Accounting Instructions which underpin Financial Procedure Rules and outline the system, procedures and responsibilities of Officers in relation to the Council's financial activity. The Director of Finance and Corporate Services also maintains a Head of Profession role within the Council and through this exercises, amongst other things, a quality control on financial administration.

The Council has developed, and is committed to continuing with, systems and procedures that incorporate efficient and effective internal controls. This includes adequate separation of duties to ensure that error or improprieties are prevented. Under Financial Procedure Rules it is required that Directors ensure that such controls, including those in a computerised environment, are properly maintained and effective, and this would include that they are documented. The Council's Internal Audit Service independently monitors the existence, appropriateness, and effectiveness of these internal controls.

2.5 Working with Others

The Council encourages the exchange of information with other organisations in respect of fraudulent and corrupt activities. These organisations include:

- The Police
- The Audit Commission and District Audit
- The Chartered Institute of Public Finance and Accountancy
- Government Departments
- East Sussex Finance Officers Association

- Society of District Council Treasurers
- Sussex Audit Group (16 authorities plus District Audit)
- Sussex Computer Audit Sub Group
- National Anti Fraud Network (NAFN)
- London Team Against Fraud (LTAF)
- Other Local Authorities and Outside Agencies

This collaboration provides a base for combating potential criminal activity of a fraudulent nature against this and other public sector organisations.

3.0 Detection and Investigation

Internal control systems and other preventative measures provide indicators of fraudulent activity and, to some degree, these same procedures deter fraud. In order to augment these checks the Internal Auditors will ensure that their profile within the Council is maintained at a very visible level.

It is the responsibility of Directors and their Managers to prevent and detect fraud and corruption. Nevertheless, it is often the alertness of employees and the public to indicators of fraudulent activity that enables detection to occur and the appropriate action to take place. However, despite the presence of internal controls, it should be recognised that many frauds are discovered by chance or “tip off” (whistleblowing). Consequently the Council has put procedures in place which will enable such information to be properly dealt with. These are shown within the Whistleblowing Guide that forms Appendix A of this policy document.

In accordance with the Regulation of Investigatory Powers Act (RIPA) 2000 cases of fraud requiring specific investigation processes, namely direct or covert surveillance, will be properly documented, authorised and reported to the appropriate officer.

Any investigation undertaken by Internal Audit, or other appropriate Officers, must comply with codes of practice and other regulated powers. All relevant interviews and gathering of evidence must be conducted in accordance with the Police and Criminal Evidence Act 1984, the RIPA 2000, the Human Rights Act 1998 and the Criminal Procedure and Investigations Act 1996.

The Council’s Disciplinary Procedures will be used where the outcome of an audit investigation indicates improper behaviour.

Where financial impropriety is discovered, the Council’s presumption is that the Police will be called in. The Crown Prosecution Service determines whether a prosecution will be pursued. Referral to the Police is a matter for the Head of Audit, in consultation with the Chief Executive, and relevant Director. Referral to the Police will not prohibit action under the Disciplinary Procedure. External Audit also has powers to independently investigate fraud and corruption, and the Council can use their services for this purpose too.

4.0 Training

The Council recognises that the continuing success of its Anti Fraud and Corruption Policy will rely on the effectiveness of programmed training and responsiveness of Members and Officers throughout the organisation.

To facilitate this, appropriate provision has been made via induction and refresher training for Officers involved in internal control systems to ensure that they are fully aware of their responsibilities and duties. Specialist training will also be available to certain Members and Officers.

5.0 Conclusion

The Anti Fraud and Corruption Policy identifies that the Council has put into place procedures which will assist in the prevention, detection and investigation of fraud and corruption.

The Council will maintain a continuous overview of the arrangements through its Officers, particularly the Director of Finance and Corporate Services via Internal Audit, the Constitution including Rules of Procedure and Codes and Protocols together with Accounting Instructions. This Policy will be subject to review by Internal Audit annually or earlier if necessary to ensure its currency.

Appendix A

WHISTLEBLOWING GUIDE

FOR

EMPLOYEES OF

EASTBOURNE BOROUGH

COUNCIL

Whistleblowing Guide

1.1 Statement of Commitment

Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, employees may feel it would be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The Council is committed to the highest possible standards of openness, propriety and integrity. In line with that commitment, staff and others with serious concerns about **unlawful conduct, financial malpractice or dangers to employees, the public or the environment** are encouraged to come forward and voice those concerns. This Guide makes it clear that staff can do so without fear of reprisals and is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem or “blowing the whistle” outside.

The Whistleblowing Guide covers all employees of the Council including agency staff, homeworkers, trainees and contractors.

1.2 Aims and Scope

The Whistleblowing Guide aims to:

- Provide avenues for staff to raise concerns and receive feedback on any action taken
- Allow staff to take the matter further if they are dissatisfied with the Council's response
- Reassure staff that they will be protected from reprisals or victimisation for whistleblowing in good faith

There are existing procedures in place to enable staff to lodge a grievance relating to their employment. This Whistleblowing Guide is intended to cover concerns that fall outside the scope of other procedures.

1.3 Safeguards

1.3.1 Prevention of Harassment or Victimisation

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect staff when concerns are raised in good faith. This does not mean that if staff who whistleblow are already the subject of disciplinary or other employment related procedures, that those procedures will be halted.

1.3.2 Confidentiality

Whilst the Council gives an assurance that it will not tolerate the harassment or victimisation of anyone raising a genuine concern, it recognises that nonetheless an individual may want to raise a concern in confidence under this policy. The Council will do its best to protect the identity of staff who whistleblow and who do not want their name to be disclosed. However, in some circumstances the investigation process may reveal the source of the information and a statement may be required as part of the evidence.

1.3.3 Anonymous Allegations

This Guide encourages staff to put their name to any allegation they may make. Concerns expressed anonymously are much less powerful, but they may be considered at the discretion of the Head of Audit (in consultation with other Officers as appropriate). In exercising the discretion, the factors to be taken into account would include:

- The seriousness of the issues raised
- The credibility of the concern
- The likelihood of confirming the allegation from attributable sources

1.3.4 Untrue Allegations

No action will be taken against staff who make allegations in good faith but which are not confirmed by the investigation. Disciplinary action however may be taken in cases where false or malicious allegations are raised.

1.4 How to Raise a Concern

The reporting route for concerns will depend on the seriousness and sensitivity of the issues and who is thought to be involved. Taking these factors into account staff may approach their Line Manager, their Head of Service, their Director, the Director of Finance and Corporate Services, the Head of Audit or the Chief Executive. If deemed appropriate staff may invite their trade union or professional association to raise a matter on their behalf.

Concerns are better raised in writing giving the background, history and reason for the concern together with names, dates, places and as much information as possible. If staff do not feel able to put their concern in writing they can telephone or meet the officer they intend reporting to. Where appropriate arrangements can be made for disclosures outside normal working hours.

Staff are encouraged to express their concern at the earliest opportunity so that timely action can be taken.

Although staff will not be expected to prove the truth of an allegation, they should be able to demonstrate that there are sufficient grounds for the concern. If required, further advice and guidance on how matters of concern may be pursued can be obtained from the Head of Audit.

1.5 How the Council Will Respond

The action taken by the Council will depend on the nature of the concern. The matters raised may:

- Be investigated internally by Management or Internal Audit
- Be referred to the Police
- Be referred to the External Auditor
- Form the subject of an independent inquiry

In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations that fall within the scope of specific procedures, for example, discrimination issues, will normally be referred for consideration under those procedures. Some concerns may be resolved by agreed action without the need for investigation.

All concerns received will be acknowledged in writing within five working days. Wherever possible the acknowledgement will:

- Indicate how the matter is proposed to be dealt with
- Give an estimate of how long it will take to provide a final response
- Advise whether any initial enquiries have been made
- Advise whether further investigations will take place, and if not, why not

The amount of contact between the officers considering the issues and the staff member raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought.

When any meeting is arranged staff have the right, if they so wish, to be accompanied by a trade union or professional association representative or fellow worker who is not involved in the area of work to which the concern relates.

The Council will take steps to minimise any difficulties which staff may experience as a result of raising a concern. For instance, if staff are required to give evidence in criminal or disciplinary proceedings, advice about the procedure will be given.

The Council recognises that staff need to be assured that the matter has been properly addressed. Thus, subject to any legal constraints, staff making a complaint will receive information about the outcome of any investigation.

1.6 How the Matter Can Be Taken Further

This Guide is intended to provide staff with an avenue to raise concerns within the Council. The Council hopes that staff will be satisfied with the way their concerns are dealt with. If they are not, and if they feel it is right to take the matter outside the Council, the following are possible contact points:

- A local Council Member
- The External Auditor
- Relevant professional bodies or regulatory organisations
- A solicitor
- The Police

In instances where staff do decide to take the matter outside the Council they must always ensure that, in the first instance, the Council has been given an opportunity to fully investigate the issues raised. The member of staff will also need to ensure that confidential information is not disclosed or that disclosure would be privileged. (Check with the contact point about that.)

1.7 Independent Advice

If you are unsure whether to use this procedure or you want independent advice at any stage, you may contact:

- Your Union or Professional Association
- Public Concern at Work (0207 404 6609). This is an independent charity that provides free advice for members of staff who wish to express concerns about fraud or other serious malpractice
- The Audit Commission's Public Information Disclosure Hotline (0207 630 1019)

1.8 The Responsible Officer

The Head of Audit has overall responsibility for the maintenance and operation of this Guide. That Officer maintains a record of concerns raised and the outcomes, but in a form which does not endanger confidentiality, and will report as necessary to the Council.

Whistleblowing Summary

If you suspect fraud or corruption at the Council, please follow the following simple guidelines.

Do:

- Make an immediate note of your concerns
- Convey your suspicions to someone with the appropriate authority and experience
- Deal with the matter promptly

Don't:

- Do nothing
- Be afraid of raising your concerns
- Approach or accuse any individuals directly
- Try to investigate the matter yourself
- Convey your suspicions to anyone other than those with the proper authority

Rules for Making a Disclosure

- Disclosures of information must be made in good faith
- You must believe the information to be substantially true
- You must not act maliciously or make false allegations
- You must not seek any personal gain