

Appendices: 2



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Anti-Fraud and Corruption Policy and Strategy and Whistle Blowing Policy
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	19 th March 2012
Policy Documents:	Yes
Directorate:	Chief Executive
Accountable Cabinet Member:	[Councillor Bottwood]

1. Purpose

1.1 The purpose of this Report is to bring the provisions of the Anti-Fraud and Corruption Policy and Strategy and the Whistleblowing Policy and Procedure to the attention of Members. It is also to inform Members of the implications of the Internal Audit Anti-Fraud Health Check in relation to these two policies.

2. Recommendations

2.1 Members are asked to note the content of this Report and provide any comments they have in relation to the Anti-Fraud Policy or the Whistleblowing Policy.

3. Issues and Choices

3.1 Report Background

3.1.1 Anti-Fraud and Corruption Policy and Strategy

3.1.1.1 The Council's anti-fraud Policy Statement is as follows:

"Northampton Borough Council is committed to the prevention, deterrence, detection and investigation of all forms of fraud and corruption".

3.1.1.2 The purpose of the Anti-Fraud Strategy is to set out how the Council encourages prevention of fraud, promotes its detection and how it investigates fraud in order to meet the aspiration of its Policy Statement. The Anti-Fraud Strategy sets out the roles of various people/bodies, for

example, employees, managers, Members, internal audit and external audit in preventing, detecting, deterring and investigating fraud. The Anti-Fraud Strategy also sets out some of the legislation and other Council policies that may need to be taken into account in any fraud investigation carried out by the Council.

- 3.1.1.3 The Anti-Fraud and Corruption Policy and Strategy (which is held on both the intranet and internet) is attached as **Appendix 1** for Members' information.
- 3.1.1.4 The Anti-Fraud and Corruption Policy and Strategy is reviewed and updated by the Borough Solicitor and Monitoring Officer at least yearly. (The next review will take place shortly and will in particular update the Policy and Strategy to reflect the fact that the Bribery Act 2010 is now in force).

3.1.2 Whistleblowing Policy and Procedure

- 3.1.2.1 The Whistleblowing Policy and Procedure is part of the Council's Anti-Fraud Strategy and is attached as **Appendix 2**. Its purpose is to set out the procedure to be followed when an employee discloses suspected wrongdoing, malpractice, irregularity, fraud or corruption. Council employees need to be able to disclose allegations of malpractice within the Council knowing that their allegations will be considered and dealt with as appropriate. Employees also need to be confident that they will not be victimised or otherwise vulnerable as a result of having made such allegations.
- 3.1.2.2 It should be noted that although the Whistleblowing Policy and Procedure deals specifically with employees 'blowing the whistle', it is clear in the Anti-Fraud and Corruption Policy that members of the public are also encouraged to blow the whistle if they suspect any wrongdoing in the Council. As Members may be aware, there is a 'Whistleblowing Hotline' telephone number to enable staff or members of the public to easily report any suspicions of fraud or corruption to the Monitoring Officer.
- 3.1.2.3 The Monitoring Officer has oversight of all matters arising from a whistleblowing disclosure and keeps a whistleblowing register.
- 3.1.2.4 The Whistleblowing Policy and Procedure (which is held on both the intranet and internet) is attached as Appendix 2 for Members' information.

3.1.3 Anti-Fraud Health Check 2011 / 2012

- 3.1.3.1 In November 2011, the Council's internal auditors, PricewaterhouseCoopers LLP ("PwC") carried out an 'Anti-Fraud Health Check'. PwC concluded that overall, the Council has a number of good anti-fraud policies and programmes in place and that senior management recognise the importance of developing and maintaining an anti-fraud culture. They also found that there is a clear understanding that awareness of corporate fraud risks across the organisation is a significant contributor to good governance.

3.1.3.2 The PwC Anti-Fraud Health Check also results in a number of recommendations which highlight areas where work to strengthen the Council's anti-fraud framework should be considered. The Council is currently considering and responding to these recommendations. PwC's recommendations and the Council's management responses are summarised in the table below.

<u>PwC Recommendations and Comments</u>	<u>Council's Management Responses</u>
<p><i>Fraud risk assessments should be undertaken</i> - The suggestion is that the Council should undertake a high level fraud risk assessment to consider the key fraud risks facing the authority. This should be followed by more detailed assessments in operational areas considered to be at higher risk of exposure to fraud, (for example procurement).</p>	<ul style="list-style-type: none"> ○ Fraud risks to be included as part of the risk management process which will conduct detailed operational area assessments. ○ Advice will be provided to Heads of Service in including fraud risk consideration as part of the service planning process. ○ High level fraud risk assessment to be undertaken and reviewed annually.
<p><i>Fraud awareness should be included as part of the staff induction process.</i></p>	<ul style="list-style-type: none"> ○ Initial fraud awareness to be delivered through the identification of fraud risks in the initial fraud risk assessment. ○ An anti-fraud awareness training package (including e-learning) to be implemented. ○ Housing Benefit and Council Tax Benefit fraud awareness training to be given to all Revenues and Benefits staff and relevant Housing and Customer Services staff. Such training to be given to new-starters and refresher training to be provided on an ad hoc basis. ○ Consideration of an anti-fraud overview to be included in induction training.
<p><i>A Fraud Register should be developed in order that the Council has oversight of the extent of attempted frauds</i> – Although the Audit Committee receives an annual report detailing benefits fraud, there are no reports currently sent to the Committee detailing corporate fraud (either attempted or actual).</p>	<ul style="list-style-type: none"> ○ A Corporate Fraud Register will be set up to record all instances of fraud except benefit fraud which is included on a specific register. ○ An high level risk assessment will be reported to Audit Committee at least annually. ○ The necessity for a fraud case management system will be investigated. ○ Whistleblowing data will be transferred onto the Corporate Fraud Register. ○ Fraud awareness initiatives will be undertaken from April 2012.

3.2 Issues

3.2.1 There are no specific issues. Members are asked to provide any comments on the Anti-Fraud and Corruption Policy and Strategy, the Whistleblowing Policy and Procedure and the Council's Management responses to PwC's recommendations.

3.3 Choices (Options)

Not applicable.

4. Implications (including financial implications)

4.1 Policy

4.1.1 N/A

4.2 Resources and Risk

4.2.1 None

4.3 Legal

4.3.1 Any legal implications are outlined in the body of this report and the appendices.

4.4 Equality

4.4.1 N/A

4.5 Consultees (Internal and External)

4.5.1 None.

4.6 Other Implications

4.6.1 None.

5. Background Papers

5.1 Northampton Borough Council Anti-Fraud Health Check 2011/2012, Draft Report, (PwC).

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