



NORWICH
City Council

Anti-fraud and corruption strategy

Norwich City Council

February 2009

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1

Introduction

Norwich City Council is committed to the continual improvement of its services – the Aiming for excellence programme aims to ensure that the council is efficient in its use of resources, is effective in delivering its plans, and is a good employer.

The council's governance arrangements contribute to these aims, as well as ensuring the highest standards of openness, probity and accountability in the use of public funds. This anti-fraud and corruption strategy is intended to mitigate the risk of fraud and corruption preventing the council from achieving its objectives.

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Statement of intent

Norwich City Council is determined to protect itself against fraud and corruption, both from within the council and from outside. The council is therefore committed to an effective anti-fraud and corruption strategy, which is designed to:

- encourage prevention,
- promote detection, and
- identify clear procedures for investigation.

The council has a framework of procedures and controls that set out best practice and aim to reduce the risk of fraud and corruption. This framework includes:

- council constitution, including financial regulations and contract standing orders
- code of governance
- procurement strategy
- codes of conduct for members and employees
- whistleblowing policy

- register of disclosure and interests and register of gifts and hospitality
- housing and council tax benefit anti-fraud strategy.

The council expects members and employees at all levels to lead by example in achieving adherence to legal and financial rules, procedures and good practices. The council also expects that individuals and organisations it comes into contact with, such as suppliers, contractors and partners, will act with integrity at all times.

The council's anti-fraud and corruption strategy is based on procedures which are designed to counter any attempted fraudulent or corrupt act. These cover:

- culture
- prevention
- detection and investigation
- publicity and training.

In addition, specific arrangements have been put in place to counter housing benefit fraud – these are detailed separately in the Housing and council tax benefit anti-fraud strategy.

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Definitions of fraud and corruption

This strategy adopts the Audit Commission's definitions, which are as follows:

Fraud

'The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain.'

This strategy is also intended to cover all financial irregularities and criminal acts which may affect the authority, including: theft of property; false accounting; obtaining by deception; money laundering; computer abuse and crime.

Corruption

‘The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.’

In addition, this strategy covers ‘the failure to disclose an interest in order to gain financial or other pecuniary benefit.’

The Fraud Act 2006

The Fraud Act 2006 established three ways of committing fraud:

- False representation.
- Failing to disclose information.
- Abuse of position.

It also introduced the new offences of:

- obtaining services dishonestly
- possessing articles for use in fraud.

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External scrutiny of the council’s affairs

The council’s affairs are open to scrutiny by a variety of external bodies and people. These include:

- Audit Commission, which is required to ensure that the council has adequate arrangements for the prevention of fraud and corruption
- the public through the complaints procedure and through their right to inspect the council’s published accounts, performance indicators and corporate plan
- HM Revenue and Customs
- Department for Work and Pensions
- Local Government Ombudsman
- Standards Board for England.

The council welcomes such external scrutiny.

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Statutory responsibilities

The head of finance, under Section 151 of the Local Government Act 1972, is required to make arrangements for the proper administration of the council’s financial affairs.

The head of legal and democratic services, as monitoring officer under Section 5 of the Local Government and Housing Act 1989, ensures that the actions of members and officers are scrutinised as to their legality.

A money laundering reporting officer (MLRO) has been nominated in accordance with the Money Laundering Regulations 2003. The MLRO will assess reports of potential money laundering received from council employees and if appropriate may make a report to the Serious Organised Crime Agency.

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Internal audit

Internal audit acts as an independent assurance function that primarily provides an objective opinion to the council on the control environment comprising risk management, internal control and governance, by evaluating its effectiveness in achieving the council’s objectives.

All internal audit activity is subject to approval and review by the audit committee.

In addition to the above, the council participates in the Audit Commission’s National Fraud Initiatives. Internal audit plays a key role in ensuring that the exercise is properly co-ordinated and that the necessary actions are taken based on the results.

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Code of governance

The council has adopted a code of governance which sets out the principles of good corporate governance in line with best practice. Every year the council assesses its arrangements against the code and reports the results in an annual governance statement, which is published with the statement of accounts.

8

Standards committee

The council's standards committee plays a key role in promoting and maintaining high standards of conduct by members in accordance with their code of conduct.

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Culture

9.1 Statement of intent

Norwich City Council is determined that the culture and tone of the organisation is one of honesty, integrity and opposition to fraud, corruption and money laundering.

In addition to the council formally adopting the seven principles of standards in public life, the council has also adopted the ten general principles governing the conduct of elected members, which relate to the following:

- Selflessness.
- Honesty and integrity.
- Objectivity.
- Accountability.

- Openness.
- Personal judgement.
- Respect for others.
- Duty to uphold the law.
- Stewardship.
- Leadership.

The code of conduct for members takes account of the above principles, which are further explained in Appendix I.

There is an expectation and requirement that all council members and employees will lead by example in these matters, and that all individuals, organisations (for example, contractors, recipients of grants) and partners associated with the council will act with honesty and integrity.

9.2 Concerns of members and employees

Elected members and employees of the council are the most important element in its stance against fraud and corruption, and are positively encouraged to raise any concerns they have on these issues. The council has a whistleblowing policy which has been made available to all members and employees and sets out procedures for raising concerns.

The policy also includes detailed guidance for employees and managers on how to react to concerns of inappropriate behaviour.

Members and employees can raise concerns in the knowledge that they will be treated in confidence and properly investigated in accordance with the policy.

9.3 Concerns of the public and others dealing with the council

Members of the public, contractors, suppliers and partners are encouraged to report concerns through the council's whistleblowing policy or complaints procedure, if appropriate. In addition, details of the benefit fraud and insurance fraud hotlines are available on the council website www.norwich.gov.uk.

9.4 Allegations of fraud or corruption

Managers are responsible for following up any allegations of fraud or corruption, and are expected to do so through defined procedures, which are set out within the council's disciplinary rules and section 11.2 (below). Any allegations should be brought to the attention of the head of finance and/or the audit manager in order that lessons can be learned in relation to possible internal control failures.

Managers are expected to deal swiftly and firmly with those who defraud the council or who are corrupt. The council will be robust in dealing with corruption and malpractice.

There is, of course, a need to ensure that any investigation process is not misused, and the raising of unfounded malicious allegations may therefore be dealt with as a disciplinary matter. However, those who raise valid concerns in good faith are assured that they will be taken seriously and will be protected. Victimisation of whistleblowers, or attempts to deter them from raising concerns, is also likely to be dealt with as a disciplinary matter.

9.5 Money laundering

Any suspicion that money laundering may have taken place should be reported to the solicitor of the council (as money laundering reporting officer), who after consideration of the facts may make a report to the Serious Organised Crime Agency.

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Prevention

10.1 Employees

A key preventative measure in the fight against fraud and corruption is to make effective checks at the recruitment stage to establish, as far as possible, the propriety and integrity of potential employees. This should include temporary and agency staff as well as permanent employees.

Recruitment should follow the council's recruitment guidelines. Accordingly, managers should ensure that written references are obtained regarding the known honesty and integrity of potential employees, before employment offers are confirmed. Proof of identity, entitlement to work in this country and relevant qualifications should also be confirmed, prior to appointment.

Employees of the council are expected to operate within the council's code of conduct for employees. This sets out minimum standards, which employees should observe. Employees are also expected to adhere to the standards laid down by any professional bodies or institutes to which they may belong.

Employees are also expected to comply with section 117 of the Local Government Act 1972, which requires the disclosure of any financial interests in contracts relating to the council and the refusal of any fees or rewards whatsoever, other than their proper remuneration.

The council has in place a disciplinary procedure that applies to all categories of employees.

10.2 Members

Elected members are required to operate within:

- the council's constitution
- member's code of conduct
- Sections 94 to 97, and 105 of the Local Government Act 1972
- Local Authorities Members' Interest Regulations 1992 (S.I. 618)
- any future relevant legislative provisions or codes of conduct.

10.3 Internal control systems

The council's constitution contains financial regulations and contract rules which cover a wide range of procedures, and require employees to act in a proper manner when dealing with the council's affairs.

The rules detail the required practice for a number of common tasks that are financially based, and aim to ensure that a consistent approach to financial matters is taken across the authority.

The head of finance has a statutory duty under section 151 of the Local Government Act 1972 to ensure there are proper arrangements for the administration of the council's financial affairs. This includes having documented procedures and responsibilities of staff in relation to the council's financial activities.

The head of legal and democratic services, as monitoring officer under section 5 of the Local Government and Housing Act 1989, monitors the legality of the council's affairs.

The council has developed, and is committed to maintaining, systems and procedures that incorporate efficient and effective internal controls. These include adequate segregation of duties to minimise the risk of error and impropriety. Directors and senior managers are required to ensure that controls and procedures covering key financial and computerised systems are properly maintained and documented.

The existence, appropriateness, and effectiveness of these internal controls are independently monitored by the council's internal audit function. Annual internal audit plans are drawn up and are regularly reviewed, to ensure comprehensive audit coverage, based on assessments of risk.

The audit committee receives reports on internal audit activity and the audit manager's annual audit opinion in order to come to a view on the overall adequacy and effectiveness of the council's internal controls.

In addition, the council's external auditors give an independent assessment of the adequacy of the council's financial systems, and the adequacy of the council's arrangements for preventing and detecting fraud and corruption.

10.4 Exchange of information

The council has arrangements in place to encourage the exchange of information with other agencies in relation to national and local counter fraud and corruption activity, in accordance with data protection requirements.

With the ongoing risk of fraud perpetrated against local authorities and benefit agencies, usually involving multiple identities and addresses, the necessity to take steps to combat this has become increasingly important.

The council has liaison arrangements with:

- Norfolk Constabulary
- Norfolk finance officers and chief internal auditors
- other local authorities
- Department of Work and Pensions
- HM Revenue and Customs
- Audit Commission
- Housing Benefit Matching Service
- National Anti-Fraud Network
- Serious Organised Crime Agency
- the council's insurers.

In order to maximise the effectiveness of the exchange of information, all application forms for services provided by Norwich City Council should request sufficient personal identifiers, including forename and middle name, address and postcode, date of birth, and national insurance number.

An appropriate fair processing notice must always be included on all such application forms. The council's data protection officer will advise on the necessary wording of such a notice.

Under the Data Protection Act, all council systems which process personal information must be properly registered with the Information Commissioner's Office. Again, the council's data protection officer can advise on this.

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Detection and investigation

11.1 Detection

The council's internal control systems are designed to be a deterrent to fraud and provide indicators of any fraudulent activity. Beyond this, directors and heads of service have a responsibility for managing the risk of fraud and corruption and being aware of any unusual financial transactions which may indicate possible money laundering.

However, it is often the alertness of employees, members and the public that enables detection to occur, and the appropriate action to take place, when there is evidence that fraud, corruption or money laundering may have been committed, or is in progress.

Employees are required by their code of conduct to report any suspicion of corruption or questionable practices, whether by colleagues, service users, contractors, suppliers or partners.

Despite the best efforts of managers and auditors, many frauds are discovered purely by chance or as the result of a 'tip-off', and the council has in place arrangements to ensure that such information is properly dealt with.

11.2 Investigation

Relevant managers are responsible for following up any cases of fraud and corruption that are alleged, suspected to exist, or otherwise discovered. They also have a duty to report such cases to the head of finance without delay.

Managers commencing an investigation should consult the HR service to ensure that the allegation is investigated properly and evidence recorded in such a way that any

subsequent disciplinary hearing is not compromised.

Investigation of fraud and corruption must be conducted in accordance with the relevant legislation, for example the Police and Criminal Evidence Act 1984 (PACE), the Regulation of Investigatory Powers Act 2000 (RIPA).

Depending on the circumstances, the HR service may refer an allegation to the head of finance to undertake further investigations.

Managers are only authorised to call in the police if the nature of the allegation warrants such referral and after agreement by the chief executive officer or deputy chief executive officer, the head of finance and the head of legal and democratic services.

Any disciplinary action arising from a fraud investigation will adhere to the council's disciplinary procedure, and will be undertaken by the appropriate level of manager, with the involvement of the HR service.

Internal audit must notify the Audit Commission of all frauds in excess of £10,000 and any corruption cases, plus any cases of particular interest or complexity.

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Publicity and training

The council recognises that the continuing effectiveness of this strategy and other anti-fraud measures will depend largely on publicity, training and the responsiveness of members and employees.

This strategy, together with the whistleblowing policy, will be made available on the council intranet and website www.norwich.gov.uk. They will also be available to staff via the HR Workforce system, and all employees are required to confirm that they have read and understood their responsibilities under the policies.

From time to time staff may be surveyed to gauge the extent of their awareness and understanding of these and other policies that are intended to promote high standards of integrity.

The council also expects high standards of integrity from other organisations that it deals with, and as such will make current (and potential) contractors and partners aware of their obligations under this strategy and the whistleblowing policy.

The council supports induction and learning and development planning, particularly for employees involved with internal control systems, to ensure that their responsibilities and duties are regularly highlighted and reinforced.

Induction for new employees will refer to the code of conduct, this anti-fraud and corruption strategy and the whistleblowing policy.

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Responsible officer

The head of finance has overall responsibility for the maintenance and operation of this policy.

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Monitoring and review

This policy will be monitored and regularly reviewed, taking account of any change of legislation or council policy, to ensure it remains relevant and effective.

Appendix 1

The ten general principles of public life

Selflessness – members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

Objectivity – members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

Openness – members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal judgement – members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

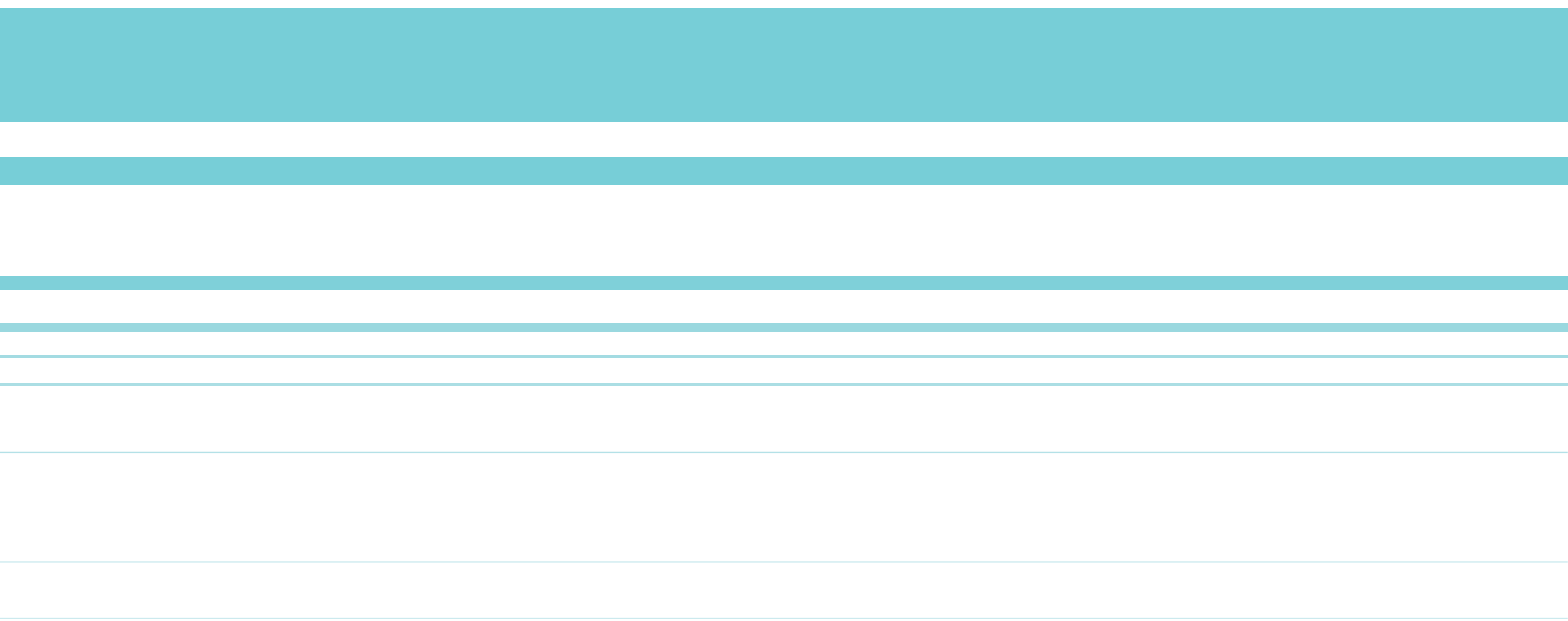
Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability.

They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

Duty to uphold the law – members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship – members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.

Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.



Norwich City Council – anti-fraud and corruption strategy



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