

NORTH NORFOLK DISTRICT COUNCIL

FRAUD and CORRUPTION POLICY

Definition of Fraud and Corruption

Various pieces of legislation provide for offences of fraud and corruption. Some are particular to local government and some are more general.

The Fraud Act 2006 attempted to clarify the existing law in relation to fraud. Section 1 of the Act establishes a new general offence of fraud, which can be committed in three ways: fraud by false representation; fraud by failing to disclose information; and fraud by abuse of position.

There are two basic requirements under the Act. First, the behaviour of the individual must be dishonest. Second it must also be his intention to make a gain, or cause a loss to another.

Introduction

The Council expects Members and staff at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Council also expects that individuals and organisations (e.g. suppliers, contractors and service providers) that it comes into contact with, will act with integrity and without thought or actions involving fraud and corruption.

The Council's affairs are open to scrutiny by a variety of external bodies and people, for example:

- The District Auditor is required to ensure that the Authority has adequate arrangements for the prevention of fraud and corruption.
- The public - as Council Tax payers
 - as service users
 - annual inspection of accounts
- The Business Community - as Business Rate payers
- HM Customs and Excise
- Inland Revenue

In addition there is internal scrutiny applied by the Strategic Director (Resources), through internal audit, under section 151 of the Local Government Act, 1972 and by the Legal Services Manager who acts as Monitoring Officer, under section 5 of the Local Government and Housing Act, 1989.

FRAUD AND CORRUPTION
2/1/2001 revised March 2007

Culture

North Norfolk District Council is determined that the culture and tone of the organisation is one of honesty, integrity and opposition to fraud and corruption. There is an expectation and requirement that Council Members and staff, at all levels, will lead by example in these matters and that all individuals and organisations associated in whatever way with the Council, will also act with integrity.

Allegations of fraud

There are well defined procedures for dealing with allegations of fraud and these are detailed in the Whistleblowing policy.

PREVENTION

Staff

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 the propriety and integrity of potential staff. This should include temporary and contract staff as well as permanent staff. Additionally, written references should be obtained regarding the known honesty and integrity of potential staff before employment offers are confirmed.

Staff of the Council are required to follow the Council's Standing Orders, these include the Standing Orders for Finance, Contracts and Employment, and abide by the Council's Employee Code of Conduct, which was issued in November 1997, which are available from their Service Manager or the intranet. They are also expected to follow any Code of Conduct in relation to their membership of a Professional body.

Members

Members are required to operate within:

- Members Code of Conduct
- Sections 94-96 of the Local Government Act 1972
- Local Authorities Members' Interest Regulations 1992
- The Councils Standing Orders

DETECTION AND INVESTIGATION

Basic Principles

Where financial impropriety is discovered, it will be investigated in accordance with the Council's disciplinary procedures and the Council's presumption is that the Police will be called in and arrangements made, where appropriate, for the prosecution of offenders by the Crown Prosecution Service.

Detection

The array of preventative systems, particularly internal control systems within the Council, have been designed to provide indicators of fraudulent activity, although generally they should be sufficient in themselves to prevent fraud.

It is the responsibility of all, from Members and Chief Executive down, to prevent fraud. A number of frauds are discovered by chance or "tip off", the Whistleblowing policy details how they are dealt with.

Reporting

Any person having concerns in relation to fraud and corruption at the Council can report those concerns in confidence through the Whistleblowing Policy or contacting the Monitoring Officer (emma.duncan@north-norfolk.gov.uk, tel: 01263 516045) or Audit Manager (peter.gollop@north-norfolk.gov.uk, tel: 01263 516050).

Investigation

Directors are responsible for following up any allegation of fraud and corruption received and they will do so by:

- contacting the Audit and Performance Manager and the Legal Services Manager, as soon as possible.
- arranging for the allegation to be investigated promptly
- recording all evidence received
- ensuring that evidence is sound, adequately supported and secure
- liaising with Human Resources Manager if action under the Disciplinary procedure is required
- liaising with Audit and Performance Manager if Police involvement is required.

FRAUD AND CORRUPTION
2/1/2001 revised March 2007

Role of Internal Audit

Chief Officers should report all suspected irregularities to the Audit and Performance Manager. Reporting is essential in the Fraud and Corruption Strategy in that it ensures:

- there is a focal point for gathering information and identifying trends if they emerge
- consistent treatment of information regarding fraud and corruption
- proper investigation either by an independent audit team or monitored by them
- proper investigations of allegations of fraud and corruption

Depending on the nature and anticipated extent of the allegations, Internal Audit will work closely with management and other agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

The Council's disciplinary procedures will be followed where the outcome of the audit investigation produces evidence of improper behaviour.

The external auditor, District Audit, also has powers to independently investigate fraud and corruption, and the Council can use their services for this purpose.

Supporting Documentation

This policy is linked to:

- Prosecution Policy,
- Whistleblowing Policy,
- Councils Standing Orders
- Employees Code of Conduct,
- Employees Disciplinary Procedures
- Members Code of Conduct
- Contract Conditions for Contractors

Review

This policy is to be reviewed annually, taking account of any change of legislation or Council policy, and to ensure it remains relevant and effective.