

## **Report to Audit Committee**

**Subject:** Counter Fraud and Corruption Strategy and Whistleblowing Policy and Procedure

**Date:** 14 January 2020

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### **Purpose**

This report presents the Counter Fraud and Corruption Strategy and the Whistleblowing Policy and Procedure for approval.

### **Recommendations**

#### **That Members:**

- a) **approve the Counter Fraud and Corruption Strategy (Appendix 1) and the Whistleblowing Policy and Procedure (Appendix 2) for referral to Cabinet for approval.**
- b) **note the key implementation actions at paragraph 2.5.**

## **1. Background**

- 1.1 The proposed Counter Fraud and Corruption Strategy and Whistleblowing Policy and Procedure will replace the current approved documents, the Anti-Fraud Statement, Anti-Money Laundering Policy and Whistleblowing (Reporting fraud or corruption).
- 1.2 Fraud and corruption are ever present risks to all organisations. Gedling Borough Council employs approximately 500 staff and has a gross revenue and capital budget of over £50m. As with other large organisations, the size and nature of our services puts us at risk of loss due to fraud, bribery and corruption, both from within the Council and outside it.
- 1.3 Fraud and corruption can have a significant negative impact on an organisation through disruption to their services or undermining the achievement of their objectives: every pound lost to fraud is a pound not spent on achieving the Gedling Plan. The Council needs to be proactive in ensuring their systems,

processes and policies are robust to minimise the risk of fraud from occurring and ensuring that monies, assets and organisational reputation is protected.

1.4 The Chartered Institute of Public Finance and Accountancy has produced the Code of Practice on Managing the Risk of Fraud and Corruption (the Code) which supports public service organisations in seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption consisting of the following principles:

- Acknowledge the responsibility of the governing body for countering fraud and corruption;
- Identify the fraud and corruption risks;
- Develop an appropriate counter fraud and corruption strategy;
- Take action in response to fraud and corruption.

1.5 Internal Audit have completed a Strategic Fraud Risk Assessment, an advisory review, which has supported the development of the Counter Fraud and Corruption Strategy to ensure best practice.

## **2. Proposal**

2.1 The proposed Counter Fraud and Corruption Strategy and the Whistleblowing Policy and Procedure, attached at appendices 1 and 2 respectively, have been developed to ensure compliance with current legislation and the adoption of best practice guidance e.g. the Code.

### **2.2 Counter Fraud and Corruption Strategy**

The purpose of the Counter Fraud and Corruption Strategy is to:

- Improve the knowledge and understanding of all Gedling Members and Officers, irrespective of their position, about the risk of fraud, bribery and corruption within the organisation.
- Promote a counter fraud culture and an environment where individuals feel able to raise concerns and understand that fraud, bribery and corruption is unacceptable.
- Set out the Gedling responsibilities in terms of the deterrence, prevention, detection and investigation of fraud, bribery and corruption.
- Ensure appropriate sanctions are considered following an investigation, which may include internal disciplinary action, civil recovery and/or criminal prosecution.

### **2.3 Whistleblowing Policy and Procedure**

The term whistleblowing has a specific legal definition, i.e. a disclosure or allegation of serious wrongdoing made by an employee, and a wider public definition, i.e. any disclosure or allegation of serious wrongdoing made by anyone. The Whistleblowing Policy and Procedure seeks to cover both disclosures and allegations made by employees and members of the public in respect of serious wrongdoing, such as:

- Breach of a legal obligation;
- Any criminal activity, including incitement to commit a criminal act;
- Fraud, bribery or corruption;
- A miscarriage of justice;
- A danger to the health or safety of any individual or damage to the environment;
- Abuse of power or authority;
- Failure to comply with professional standards, Council Constitution, policies or codes of practice/conduct;

committed by or related to the actions of:

- Gedling Borough Council employees;
- Members; and/or
- Contractors, agency staff, suppliers or consultants of Gedling Borough Council in the course of their work for the Council.

The policy sets out how the Council will handle and respond to any such allegations and seeks to:

- a) encourage employees and members of the public and/or their representatives to feel confident in raising concerns or allegations in the public interest about suspected serious wrongdoing in the Council and its services without fear of reprisals or victimisation even where the concern or allegations are not subsequently confirmed by the investigation;
- b) give a clear message that allegations of serious wrongdoing or impropriety are taken seriously;
- c) ensure that where the disclosure proves to be well founded, the individuals responsible for such serious wrongdoing will be held accountable for their actions;
- d) set out what employees and members of the public can expect by way of confidentiality and protection when making a whistleblowing disclosure; and
- e) identify independent support for employees who wish to make a whistleblowing disclosure.

2.4 The draft Counter Fraud and Corruption Strategy and the Whistleblowing Policy and Procedure have been reviewed by Senior Leadership Team to ensure they reflect current legislation and are consistent with the Council's linked policies

e.g. Member and Officer Codes of Conduct, Disciplinary Procedures, Declarations of Interest.

- 2.5 The development of the Counter Fraud and Corruption Strategy and the Whistleblowing Policy and Procedure has identified a number of actions that are required to ensure effective implementation across the Council. The key actions include:
- Deliver Member and Officer training to improve knowledge and understanding and promote a counter fraud culture;
  - Publication on the Council website and intranet to ensure promotion to all stakeholders;
  - Update process for Officer Declarations of Interests;
  - Update linked policies e.g. Officer Code of Conduct, Employee Handbook.
  - Review fraud risks and mitigating controls by service area and link as appropriate to individual risk registers.

### **3. Financial Implications**

- 3.1 There are no financial implications arising from the approval of the strategy and policy and procedure documents. Any cost arising from the implementation actions will be contained within existing budgets.

### **4. Appendices**

Appendix 1 - Counter Fraud and Corruption Strategy

Appendix 2 - Whistleblowing Policy and Procedure