



NTCA Constitution

Part 5.4 Anti-Fraud and Corruption Policy

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1. The Authority's Commitment

The Authority is committed to sound corporate governance and supports the Seven Principles of Public Life for the conduct of its Members and Officers, namely:

- Selflessness;
- Integrity;
- Objectivity;
- Accountability;
- Openness;
- Honesty; and
- Leadership.

Fraud and corruption cheats the local taxpayers who have the right to expect Members and Officers to perform their functions in an honest and proper manner.

The Authority seeks in the first instance to prevent fraud and corruption and will take all action necessary to identify any occurrences if suspected. If any such instances are detected they will be investigated in a correct and agreed manner. The Authority pledges to pursue the recovery of losses and the suitable punishment of those responsible.

2. Prevention

Prevention will be achieved through:

- staffing policies
- making members aware of their responsibilities
- internal control systems and
- liaison with outside agencies

2.1. Officers

As a public employer, the Authority is obliged to maintain, and is entitled to expect, high standards of conduct among its officers to ensure that public confidence in their integrity and impartiality is not undermined. The public is entitled to demand conduct of the highest standard and that Officers work honestly and without bias in order to achieve the Authority's objectives.

The Authority recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at recruitment stage to establish, as far as possible, the propriety and integrity of potential staff. In this regard temporary and contract staff are treated in the same manner as permanent officers.

Managers should ensure that procedures laid down by the Authority in the Recruitment and Selection Guidelines and Code of Practice are followed and, in particular, that written references are obtained before employment offers are confirmed.

Officers are expected to follow the Authority's Code of Conduct which includes regulations regarding the registration of interests, gifts and hospitality.

The Authority recognises that the continuing success of its anti-fraud and corruption strategy and its general credibility will depend largely on the effectiveness of its training programmes and the responsiveness of Officers throughout the organisation. To facilitate this, the Authority supports the concept of induction and continuing training and Officer appraisal, particularly for Officers involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. The Authority has in place a Disciplinary Procedure for all Officers and the possibility of disciplinary action against Officers who ignore such training and guidance is clear.

2.2. Members

Members are expected to operate honestly and without bias. Their conduct is governed by:

- The Code of Conduct for Members
- The Member/Officer Relations Protocol
- The Constitution

These matters include rules on the declaration and registration of potential areas of conflict between Members' duties and responsibilities on behalf of the Authority, and any other areas of their personal or professional lives. These will be regularly drawn to the attention of Members.

2.3. Internal Control System

The internal control system comprises the whole network of financial, operational and managerial systems established within the constituent councils to ensure that objectives of the Authority are achieved and in the most economical and efficient manner.

The Financial Regulations of the Authority (see Part 4) provide the framework for financial control. Under Financial Regulations Managers are required to ensure that:

- Arrangements, guidelines and procedures for the proper administration of the financial affairs of the Authority are operated in accordance with Financial Regulations;

- The Chief Finance Officer is informed where there has been a failure to comply with Financial Regulations or where amendment or revision of a regulation is considered necessary; and
- The Chief Finance Officer and the Monitoring Officer are informed as soon as possible of any matters involving, or suspected of involving, irregularity in the use of the Authority resources or assets.
- The Internal Audit service of the constituent council identified by the Head of Paid Service for this purpose independently monitors the existence, appropriateness and effectiveness of internal controls.

2.4. Liaison

Arrangements are in place now and will continue to develop which encourage the exchange of information between the Authority and other agencies on national and local fraud and corruption activity.

The Authority acknowledges that in order to prevent fraudsters using multiple identities and addresses, it cannot afford to work in isolation and must liaise with other organisations. To this end the Authority has a number of external contacts, including Northumbria Police.

All liaisons are subject to adherence to Data Protection Legislation and regard to the confidentiality of information.

2.5. Partners

Arrangements are to be put in place within partner organisations to identify, investigate and appropriately report incidents of fraud and corruption which may occur within those organisations. Where fraud is identified which has resulted from a significant weakness in controls in the organisation and this would impact on the assurance the Authority could place on governance arrangements, this will be reported to the Chief Finance Officer and the Monitoring Officer. The Chief Finance Officer or the Monitoring Officer will subsequently report details of the incident and any potential impacts for the Authority to the Audit and Standards Committee.

2.6. Strategy

The Audit and Strategic Risk service of the constituent council identified by the Head of Paid Service for this purpose will implement the policy on the Authority's behalf.

3. **Detection and Investigation**

Where fraud and corruption still happen, systems should assist in revealing the occurrences and people should be encouraged to do likewise. They must then be investigated in a fair and impartial manner.

3.1. Detection

The array of preventative systems, particularly internal control systems and audit, within the Authority generally should be sufficient in themselves to deter fraud, but they have also been designed to provide indications of any fraudulent activity.

The Authority's officers are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on any issues associated with the Authority's activities. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. If necessary, a route other than a line manager may be used to raise such concerns. Examples of possible routes are:

- Internal Audit Service
- Chief Finance Officer
- Monitoring Officer

Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Authority's complaints procedure.

If Officers feel unable to raise their concerns through any of the internal routes, then they may wish to raise them through Public Concern at Work (telephone 020 7404 6609), a registered charity whose services are free and strictly confidential. See also Part 5.5 Whistleblowing Policy.

The Code of Conduct requires Officers of the Authority to report any illegality or impropriety to their manager or supervisor. Financial Regulations require the Chief Finance Officer to investigate matters which involve, or may involve, financial irregularity.

3.2 Investigation

Depending on the nature and the anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies, such as the police, to ensure that all allegations are properly investigated and reported upon and where appropriate, maximum recoveries are made for the Authority. The follow up of any allegation of fraud and corruption received will be through agreed procedures which ensure that:

- matters are dealt with promptly;
- all evidence is recorded;
- evidence is sound and adequately supported;
- all evidence is held securely;
- where appropriate, the police and the Authority's Chief Finance Officer and Monitoring Officer are notified;
- the Authority's Disciplinary Procedures are implemented; and
- the rules of natural justice are incorporated.

The procedures and reporting lines are an integral part of the Authority's anti-fraud strategy that ensures:

- consistent treatment of information about fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the proper implementation of a fraud investigation plan;
- restitution or compensation; and
- the optimum protection of the Authority's interests.

Where financial impropriety is discovered, referral to the police is a matter for the Chief Finance Officer and Monitoring Officer, in consultation with the relevant officers of the Authority and the Mayor/Chair of Cabinet.

In deciding whether to recommend referral the following factors are taken into account:

- the amount of the loss and duration of the offence;
- the suspect's physical and mental condition;
- voluntary disclosure and arrangement for restitution; and
- the strength of the evidence; and
- reputational damage

The Authority's Disciplinary Procedures will be used as appropriate irrespective of police involvement.

There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations may be dealt with as a disciplinary matter and may leave the complainant open to an action for defamation.

The External Auditor also has powers to investigate independently fraud and corruption and the Authority can make use of these services.

4. Summary

The Authority has a clear commitment to minimising the possibility of fraud, corruption and theft or other misuse of public money and assets. It pledges to prevent fraud and corruption but to take all action necessary to identify fraud and corruption if suspected and pursue the recovery of losses and the punishment of those responsible. The Authority's Officers and Members are expected to have the highest standards of conduct and to be vigilant in combating fraud and corruption in all its guises.

The Authority has implemented a clear network of systems and procedures to assist in the fight against fraud and corruption. These arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.