

REPORT TO: GOVERNANCE COMMITTEE
DATE: 8th June 2021
TOPIC: ANTI-FRAUD, CORRUPTION AND BRIBERY POLICY AND STRATEGY
REPORT BY: MONITORING OFFICER

1 INTRODUCTION

- 1.1 This report seeks to address two recommendations made in the NDDC Fraud and Bribery Audit Final Report 2018/19 which have not yet been addressed.
- 1.2 In Recommendation 4 of the above report, it was recommended that documented procedures should be compiled for suspected fraudulent occurrence investigation to support the Council's Anti-Fraud, Corruption and Bribery Policy and Strategy (AFCBPS) with a standardised approach.
- 1.3 In Recommendation 5, it was recommended that periodic reports should be produced for senior management and members, which summarise the number of irregularities referred, nature of the irregularity, outcome of the investigation and actions taken.

2 RECOMMENDATIONS

- 2.1 That Members consider and approve the procedural document for the investigation of suspected fraudulent occurrences, as set out at Appendix A.
- 2.2 That members consider and approve the content of an additional paragraph to be added to the AFCBPS, as set out at Appendix B.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the recommendations of the Fraud and Bribery Audit Final report 2018/2019.

4 REPORT

- 4.1 The Council's Anti-Fraud, Corruption and Bribery Policy and Strategy (AFCBPS) sets out the objectives of the Policy and the procedures in place to discourage, prevent and detect fraud, bribery and corruption within the Council.

- 4.2 In March 2020, the Final Internal Audit Report 2018/19 (“Fraud, Bribery and Ethics”) made a number of recommendations, of which Recommendation 4 (Documented procedures) and Recommendation 5 (Reporting Management Information) have not as yet been implemented.
- 4.3 Recommendation 4 states that “Documented procedures should be compiled for suspected fraudulent occurrence investigation to support the Council’s AFCBPS with a standardised approach.” The rationale is that a detailed procedure as to the actual conduct of investigations sets out standard practices which support accuracy, fairness and transparency.
- 4.4 The suggested procedural document is set out in Appendix A.
- 4.5 Recommendation 5 states that “periodic reports should be produced for senior management and members, which summarise the number of irregularities referred, nature of the irregularity, outcome of the investigation and actions taken.” The rationale is that regular reporting of irregularities raises management, staff and member awareness of the numbers and types of fraud occurring. Where management and members do not regularly receive information on irregularities occurring, they may perceive that none are occurring.
- 4.6 A suggested additional paragraph for the AFCBPS, entitled “Periodic Reporting of Irregularities to Senior Management and Members,” is set out at Appendix B. This would logically be included as a new Paragraph 12, with the existing paragraph 12 (“Policy Review”) becoming Paragraph 13.

5 RESOURCE IMPLICATIONS

- 5.1 There are no significant resource implications arising from this report.

6 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3, Annexe 1.5 (a)	Delegated

7 STATEMENT OF CONFIDENTIALITY

- 7.1 This report does contain not confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

8 BACKGROUND PAPERS

8.1 The following background papers were used in the preparation of this report:

- The Council's Anti-Fraud, Corruption and Bribery Policy and Strategy
- Final Internal Audit Report – Fraud, Bribery and Ethics 2018/19

The background papers are available for inspection and kept by the author of the report.

9 STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Trevor Blatchford (Monitoring Officer) Date: 27th May 2021

APPENDIX A

PROCEDURE FOR THE CONDUCT OF FRAUD INVESTIGATIONS

This Appendix sets out the procedure for the conduct of fraud investigations within the Council where, pursuant to section 7.7 of the Anti-Fraud, Corruption and Bribery Policy and Strategy, the Chief Finance Officer or the Monitoring Officer, following the initial assessments of the situation, decide that the matter should be investigated by a senior manager.

The following processes will be necessary:

(1) Identification of the Investigator

The Chief Finance Officer, the Monitoring Officer and the Chief Executive shall appoint an Investigator to conduct the investigation. The Investigator should be a lead officer, preferably with knowledge and experience of conducting interviews and the principles of the Police and Criminal Evidence Act 1984 and the Codes of Practice.

(2) Investigation Plan

Once appointed, the Investigator should prepare a written investigation plan, detailing as follows:

- (a) What is already known
- (b) What needs to be discovered
- (c) Who will be able to provide the information (an "Interview list")
- (d) Which documents will be need to be retained
- (e) Which documents will need to be obtained
- (f) How will the allegation be proved or disproved

(3) Timeline

The Investigator must prepare a written timeline, setting out deadlines for each stage of the investigation, that is:

- (a) The gathering of the evidence, inclusive of the interviewing of the reporter(s) of the fraud and other witnesses
- (b) The interviewing of the alleged perpetrator

(c) The compilation of the interim report, as set out at 8.1 in the AFCBPS.

Given the need for fraud investigations to be conducted expeditiously, the Investigator, once appointed, should aim to produce his initial report within 10 working days.

(4) Interviewing the reporter(s) or witnesses

For the purpose of gathering or elucidating evidence, the Investigator may interview the person who has reported the alleged fraud, or any other witnesses, as he or she deems fit.

(5) Interviewing the alleged perpetrator

The Investigator should arrange to interview the alleged perpetrator at the Council Offices, and in so doing should advise the person in advance:

- That they have a right to bring along a representative with them, if they choose
- That the interview is not under caution
- That they are not obliged to answer any questions put to them, but that the responses will inform the Council as to how the matter should proceed
- The responses to the questions will be recorded, and will inform the initial report which is provided to management

In conducting the interview, the Investigator should ensure:

- That the interview is conducted in the presence of another officer, whose task is to take notes of the conversation
- That the advice given ahead of the interview is re-iterated
- That the allegation(s) is put to the person fairly and dispassionately, and the person given the opportunity to respond in full
- At the conclusion of the interview, the notes made should be shown to the person, who should be invited to sign the notes as a true record of the responses which have been given

(6) Review and retention of records

The Investigator must record, itemise and retain all evidence obtained securely, inclusive of any notes obtained from interviews with witnesses and the alleged perpetrator.

(7) Reporting

In submitting the initial report pursuant to paragraph 8.1 of the AFCBPS, the Investigator should set out the following:

- The allegations and the person alleged to have committed the fraud
- How the investigation was undertaken
- The facts and evidence which arose from the investigation
- The Investigator's findings
- The conclusions to be drawn from the finding
- A recommendation as to how the matter should progress

APPENDIX B

12 PERIODIC REPORTING OF IRREGULARITIES TO SENIOR MANAGEMENT AND MEMBERS

Periodic reports will be produced for senior management and members, summarising the number of irregularities referred, together with the nature of each irregularity, the outcome of any investigation and the actions taken.

The reports will be presented by the Monitoring Officer at six monthly intervals to meetings of the Senior Management Team and the Governance Committee in March and September each year.

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