

Public Document Pack



TO THE CHAIRMAN AND MEMBERS OF THE STANDARDS AND AUDIT COMMITTEE

You are hereby summoned to attend a meeting of the Standards and Audit Committee to be held on Thursday, 29 November 2018 at 7.00 pm in the Council Chamber, Civic Offices, Gloucester Square, Woking, Surrey GU21 6YL.

The agenda for the meeting is set out below.

RAY MORGAN
Chief Executive

NOTE: Filming Council Meetings

Please note the meeting will be filmed and will be broadcast live and subsequently as an archive on the Council's website (www.woking.gov.uk). The images and sound recording will also be used for training purposes within the Council. Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed.

AGENDA

PART I - PRESS AND PUBLIC PRESENT

1. Minutes

To approve the minutes of the meeting of the Standards and Audit Committee held on 20 September 2018 as published.

2. Apologies for Absence

To receive any apologies for absence.

3. Declarations of Interest

To receive declarations of disclosable pecuniary and other interests from Members in respect of any item to be considered at the meeting.

In accordance with the Officer Procedure Rules, the Head of Democratic and Legal Services, Peter Bryant, will declare an interest in any items under which the Thameswey Group of Companies, Brookwood Cemetery or Duke's Court are discussed, arising from his position as a Director of the subsidiary companies. The interest is such that speaking was permissible.

4. Urgent Business

To consider any business that the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.

Matters for Determination

5. Internal Audit Progress Report STA18-005 (Pages 3 - 8)
Reporting Person – James Graham

6. Anti Fraud and Corruption and Confidential Reporting Policies STA18-006 (Pages 9 - 32)
Reporting Person – Peter Bryant

AGENDA ENDS

Date Published - 21 November 2018

For further information regarding this agenda and arrangements for the meeting, please contact Doug Davern on 01483 743018 or email doug.davern@woking.gov.uk



Mixed Sources

Product group from well-managed forests and other controlled sources

www.fsc.org Cert no. SA-COC-001794
© 1996 Forest Stewardship Council

STANDARDS AND AUDIT COMMITTEE – 29 NOVEMBER 2018

INTERNAL AUDIT PROGRESS REPORT

Executive Summary

Financial Regulation 2.8 requires that the Chief Finance Officer shall report regularly to the Standards and Audit Committee on the work undertaken by Internal Audit. This report is accordingly submitted to the Committee for consideration.

This report covers audit activity and performance from 13 September to 19 November 2018.

Recommendations

The Committee is requested to:

RESOLVE That the report be received and progress against the 2018-19 Internal Audit Plan and implementation of Internal Audit recommendations be noted.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: James Graham, Head of Internal Audit
Email: james.graham@woking.gov.uk

Contact Person: Leigh Clarke, Finance Director
Ext. 3277, E Mail: Leigh.Clarke@woking.gov.uk

Date Published: 20 November 2018

1.0 Introduction

- 1.1 Financial Regulation 2.8 requires that the Chief Finance Officer shall report regularly to the Standards and Audit Committee on the work undertaken by Internal Audit. This report covers audit activity and performance from 13 September to 19 November 2018.
- 1.2 The Standards and Audit Committee approved the 2018/19 Internal Audit Plan on 8 March 2018.
- 1.3 The purpose of this report is to outline the following in respect of Internal Audit Activity during the period:
 - A description of key audit issues and also of non-audit activity undertaken during the year;
 - Details of reports issued during the period;
 - A list of reports in progress as at 20 November 2018.
 - Any major (i.e. high risk) recommendations made in Internal Audit reports issued between 13 September and 20 November 2018; and
 - An update on all recommendations that remain outstanding for implementation.

2.0 Internal Audit Activity

2.1 The table below provides a summary of progress in terms of the number of reports at draft or final stage and those in progress, as at 20 November:

Audit Status	Number of reviews	Percentage Completion
Finalised	5	26
Draft	2	11
Fieldwork in progress	4	21
To be undertaken	7	37
Deferred to 18/19	1	5
Total	19	100

- 2.2 Table 1 above illustrates that 37% of the plan has been delivered to at least draft report stage as at 7 September, with a further 21% of the plan in progress. A further 7 audits (37% are currently in the process of being scoped and scheduled in.
- 2.3 One audit has been deferred to 2019/20 (HMO Selective Licensing). All other audits are expected to be completed to at least draft stage by the end of March 2018.
- 2.4 The table below shows the status of all audits on the 2018/19 plan, including the reviews carried forward from 2017/18:

Audit Title	Audit Status	Recommendations by Priority		
		High	Medium	Low
Grants to Voluntary Organisations	Final report issued	0	2	2
Community Safety	Draft Report issued	-	-	-

Internal Audit Progress Report

Homelessness	Planning in progress	-	-	-
HMO and Selective Housing Licensing	Deferred to 2019/20	-	-	-
New Vision Homes Contract Management	Planning in progress	-	-	-
Building Control	Planning in progress	-	-	-
Emergency Planning	Final report issued	0	1	5
Asset Management	Planning in progress	-	-	-
Air Quality Monitoring and Management	Draft report issued	-	-	-
Freedom of Information Requests	Fieldwork in progress	-	-	-
Key Financial Control Testing - AP, AR, GL, Payroll, Treasury, Ctax, NNDR	Final report issued	0	1	0
Sheerwater Regeneration Governance	Fieldwork in progress	-	-	-
Group Companies	Fieldwork in progress	-	-	-
Business Continuity	Planning in progress	-	-	-
Supplier Resilience (Advisory)	Final report issued	N/A	N/A	N/A
HR – Sickness Absence Management	Fieldwork in progress	-	-	-
IT Strategy	-	-	-	-
SekCheck (Windows OS Network Management)	Final report issued	2	5	1
Application Audit (TBC)	Planning in progress	-	-	-

Carried Forward from
2017/18

GDPR	In Progress	-	-	-
Commercial Property Estate	Final Report Issued	0	4	1
Victoria Square Development	In Progress	-	-	-

- 2.5 One final report issued in the period received a Limited or Nil assurance opinion - SekCheck (Windows OS Network Management).
- 2.6 Internal Audit categorise recommendations as high, medium or low priority to differentiate between the types of recommendation made. This gives management an indication on the urgency of implementing the recommendation.
- 2.7 There were two high priority recommendations raised in the period that both related to the SekCheck (Windows OS Network Management) report.

3.0 Follow Ups

- 3.1 All recommendations have historically been entered onto an improvement plan in Shikari. Managers updated progress on the system and close down the recommendations on the system once implemented. The Shikari system is in the process of being phased out and, as such, managers no longer receive reminders on outstanding recommendations or have access to provide updates.
- 3.2 As at 20 November, there are 24 outstanding recommendations (i.e. the recommendations are past their agreed implementation dates), of which one is classified as high priority. This increase from 12 in the previous period is due to managers not being able to provide updates. A new system for recording recommendations and capturing updates is being developed and an update will be provided at the next Standards and Audit Committee meeting.
- 3.3 The one high priority recommendation not yet confirmed as implemented is as follows:

Audit:	Audit: Health and Wellbeing 2017/18
Recommendation	Action plans should be developed for Mental and Emotional Wellbeing; Independence, Isolation and Resilience; and Enabling Healthy Choices so that People Can Live Well. Assurance should be gained that the Woking priority areas map completely to the Surrey priority areas and that all action relating to each area is included in the action plan.
Management Response	We will be discussing with our partners how to take this forward as it would be inappropriate for a WBC member of staff to take the lead in these subject areas. We will revisit the priorities and see if any refinement can be made to simplify comparison. The SCC priorities changed in January 2018, our priorities were set well before this based on their previous documentation. There will always be some difference in priorities as the WBC priorities allows local priorities to be addressed which may be different in Woking due to our population make up.
Implementation Date	31/10/2018

- 3.4 New recommendations will be agreed as the draft reports detailed in Table 2 are finalised. It is important that these are implemented within the agreed timescales to ensure that the position reported in 3.2 above is improved upon.

3.5 In addition to management updates on progress, spot checks are undertaken to confirm that recommendations are being implemented in practice. A procedure is in place to escalate recommendations that have not been implemented as agreed to CMG and finally to this committee where necessary.

4.0 Implications

Financial

4.1 There are minimal financial implications around the implementation of internal audit recommendations. Some audit recommendations are designed to improve value for money and financial control.

Human Resource/Training and Development

4.2 Some audit recommendations need resource to put in place.

Community Safety

4.3 There is minimal impact other than the Community Safety internal audit which is in progress.

Risk Management

4.4 Internal Audit identifies weaknesses in the control environment. Implementation of recommendations therefore improves the control environment and hence the management of risk.

Sustainability

4.5 There is minimal impact of sustainability issues.

Equalities

4.6 There is minimal impact of equalities issues.

Safeguarding

4.7 There is minimal impact of safeguarding issues.

REPORT ENDS

STANDARDS AND AUDIT COMMITTEE – 29 NOVEMBER 2018

ANTI-FRAUD AND CORRUPTION AND CONFIDENTIAL REPORTING POLICIES

Executive Summary

The Anti Fraud and Corruption Policy and the Confidential Reporting Policy have been reviewed and updated, and are received by the Standards and Audit Committee on a biennial basis.

Copies of the revised policies are appended to this report.

Recommendations

The Committee is requested to:

RESOLVE That the revised Anti Fraud and Corruption Policy and Confidential Reporting Policy appended to this report be approved.

The Committee has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Reporting Person: Peter Bryant, Head of Democratic and Legal Services/Monitoring Officer
Email: peter.bryant@woking.gov.uk, Extn: 3030

Contact Person: Peter Bryant, Head of Democratic and Legal Services/Monitoring Officer
Email: peter.bryant@woking.gov.uk, Extn: 3030

Date Published: 21 November 2018

Anti-Fraud and Corruption and Confidential Reporting Policies

1.0 Introduction

- 1.1 The Anti Fraud and Corruption Policy and the Confidential Reporting Policy have been reviewed and updated, and are received by the Standards and Audit Committee on a biennial basis. Copies of the revised policies are appended to this report, with the proposed changes shown in track-changes. These changes are not substantive (both policies remain “fit for purpose” in their current form, subject to minor changes to contact details etc.).

2.0 Implications

Financial

- 2.1 None.

Human Resource/Training and Development

- 2.2 None.

Community Safety

- 2.3 None.

Risk Management

- 2.4 Reviewing the policies on a regular basis reduces the risk of the Council being subject to fraud.

Sustainability

- 2.5 None.

Equalities

- 2.6 None.

Safeguarding

- 2.7 None.

3.0 Conclusions

- 3.1 The policies have been reviewed and should be approved by the Committee, as slightly amended.

REPORT ENDS



Anti Fraud and Corruption Policy

Policy Agreed	
Document Type:	Corporate Policy
Document Name:	Anti Fraud and Corruption Policy
Document Location:	Staff Handbook, live version is stored as a word document in HR.
Effective Date:	November 2018 <u>December 2016</u>
Review Date:	November 2020 <u>December 2018</u>
Owner:	HR Manager
Consultee:	Unison and CMG
Approved by date:	29 November 2018 <u>December 2016</u>
Related documents:	
Keywords:	Fraud, Corruption, Money laundering
Equality Impact Assessment in place:	Yes
Relevant external law, regulation, standards:	Local Government Act 1972, Fraud Act 2006, Bribery Act 2010, Localism Act 2011 and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

Contents Page

Section		Page Number
1.0	Introduction	3
2.0	Scope	3
3.0	Culture	4
4.0	Definitions of Fraud and Corruption	5
5.0	Reporting Procedure	6
6.0	Responsibilities and Mechanisms for Prevention	7 & 8
7.0	Liaising With Others	8
8.0	Money Laundering	9
9.0	Detection and Investigation	9
10.0	Reporting of Outcomes	10
11.0	Training	11
12.0	Summary	11

1.0 Introduction

- 1.1 This policy sets out the Council's anti fraud and corruption arrangements, and applies to all staff and Members. It also sets out the expectations which apply to the conduct of others engaged by the Council on public sector work, including the conduct of contractors, partners and subsidiaries. The policy encompasses all aspects of Council activity.
- 1.2 The policy complements a range of policies and procedures such as the Code of Conduct for Employees, Members' Code of Conduct , Confidential Reporting Policy, Information Security Policy, Financial Regulations and Standing Orders. The policy should, therefore, be read in conjunction with these policies and procedures.
- 1.3 In administering its responsibilities, the Council is determined to combat fraud and corruption, whether it is attempted on or from within the Council, and is committed to an effective Anti-Fraud and Corruption strategy designed to prevent and detect fraud.
- 1.4 This commitment will result in the desired outcome of creating a zero tolerance culture, promoting high ethical standards, encouraging prevention, promoting detection, and formalising the procedures for investigation. This will assist in minimising the opportunity for fraud and corruption to exist within the Council's systems. This framework is in line with the strategic aims and objectives of the Council in relation to preventing crime and ensuring value for money.
- 1.5 The Council's Anti-Fraud and Corruption strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act.
- 1.6 The Council has a corporate fraud resource which is responsible for the initial investigation of Corporate Fraud, with additional support and expertise bought in through the Council's Internal Audit contract as required.

2.0 Scope

- 2.1 The policy applies to Members and to all staff who work for the Council. The term "staff" includes temporary and agency staff.
- 2.2 In addition, individuals and organisations engaged by the Council on public service work (e.g. contractors and partners) and the Council's subsidiaries are expected to act with integrity and without thought or actions involving fraud or corruption. They should also report suspicions of fraudulent activity.
- 2.3 The framework applies to all aspects of the Council's business. Where fraud and corruption is identified, the Council may actively involve the police, pursue prosecution wherever relevant and take disciplinary action where appropriate.

3.0 Culture

3.1 The Council supports the principles of public life set down by the Nolan Committee for Standards in Public Life (as amended and extended by Statutory Instrument 2001/1401) which, whilst introduced for Members, is also considered applicable to Officers :

- Selflessness: Holders of public office should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.
- Honesty and Integrity Holders: of public office 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: Holders of public office should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.
- Accountability: Holders of public office 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: Holders of public office 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: Holders of public office 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: Holders of public office 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: Holders of public office should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.
- Stewardship: Holders of public office should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.
- Leadership: Holders of public office should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

3.2 The Council is determined that the culture of the organisation is one of honesty and opposition to fraud and corruption. These principles must therefore be adopted by all Members and staff, and will be reflected in our procedures and ways of working in order to assist in the prevention of fraud and corruption.

3.3 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council, such as contractors, partners, suppliers, subsidiary companies and users of Council services, will act with integrity and that Council Members and staff at all levels will lead by example

in these matters, ensuring adherence to legal requirements, standing orders, financial regulations, codes of conduct, procedures and professional practices.

- 3.4 The Council's staff are an important element in its stance against fraud and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues which are associated with Council activity. This can be done using the Council's Confidential Reporting Policy (see separate policy) in the knowledge that such concerns will be treated in confidence and investigated properly and fairly.
- 3.6 The ~~Chief Finance~~ ~~Director~~ ~~Officer~~ is responsible for following up any allegation of fraud or corruption received. He/she will do so in accordance with the procedures laid down in the Council's Financial Regulations and will:
- arrange for the allegation to be investigated;
 - deal promptly with the matter;
 - record all evidence received;
 - ascertain whether the evidence is sound and adequately supported;
 - implement Council disciplinary procedures where relevant.
- 3.7 The Council will adopt a zero tolerance approach to fraud, irrespective of its value. There is an expectation that those who defraud the Council or who are corrupt will be dealt with swiftly and firmly. The Council will be robust in dealing with financial malpractice. The Council will also safeguard its staff against unfounded allegations. It will operate fair procedures, and will take disciplinary action against any staff member who makes a deliberately false accusation.

4.0 Definitions

4.1 Fraud

The 2006 Fraud Act created, for the first time, a statutory offence of fraud, and defined three ways in which the offence can be committed:

- Fraud by false representation (s 2 of the Act),
- Fraud by failing to disclose information (s.3 of the Act) and
- Fraud by abuse of position (s.4 of the Act).

The Fraud Act also makes it an offence (i) to possess any article for use in or in connection with fraud and (ii) to obtain services dishonestly.

4.2 Corruption

Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence any person to act inappropriately.

5.0 Reporting Procedure

- 5.1 Staff are required under Financial Regulations to report all suspected irregularities to the ~~Chief Finance Officer~~ Director. Reporting is essential to the Anti Fraud and Corruption Framework as it ensures:-
- consistent treatment of information regarding fraud and corruption;
 - proper investigation by an independent and experienced audit team;
 - The optimum protection of the Council's interests.
- 5.2 The Council has produced a separate, complementary Confidential Reporting Policy which should be read in conjunction with this part of the Anti Fraud and Corruption Policy. This provides a clear route by which concerns can be raised by both Members and officers, and those outside the organisation who are providing, using or paying for public services.
- 5.3 Members of the Public are also encouraged to report concerns through any of the above routes, or the Council's Complaints Procedure.

6.0 Responsibilities and Mechanisms for Prevention

- 6.1 The Council recognises that prevention is a key measure in the fight against fraud and corruption.
- 6.2 **Members**
- 6.2.1 Members have responsibility for the active promotion of the Council's anti fraud culture and are required to operate within:
- The Members' Code of Conduct;
 - The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012;
 - Council Standing Orders, and
 - The Localism Act 2011.
- 6.2.2 Members must be seen to act with integrity at all times and, in particular, they must declare any interest that may affect their participation in an issue where this has any bearing on their personal or business life or wellbeing of themselves, their family or close personal associates. These matters are brought to the attention of Members at induction courses run for new Members and are in the Council's Standing Orders.
- 6.3 **Staff**
- 6.3.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage. The Council will establish, as far as possible, the previous record of prospective staff, in terms of their honesty and integrity. Temporary staff should be treated in the same manner as permanent employees.

- 6.3.2 Staff recruitment must, therefore, be in accordance with approved Human Resources procedures. In particular, employment offers should only be made subject to satisfactory written references and relevant clearances, as required by prevailing safeguarding legislation, being received. Appropriate checks and clearances should also be obtained for volunteers and anybody else engaged by the Council on public service work.
- 6.3.3 Council staff are expected to follow any Code of Conduct related to their personal Professional Institute, and also to abide by the Council's Code of Conduct for Employees.
- 6.3.4 The Council has in place disciplinary procedures for all categories of staff.
- 6.3.5 The role that staff are expected to play in the Council's framework of internal control will feature in staff induction courses and ongoing training events. Section 117 of the Local Government Act 1972 imposes a statutory duty of disclosure where officers hold direct or indirect pecuniary interests in Council contracts. The section also prohibits the acceptance of fees or rewards other than proper remuneration. The Council's Standing Orders restate these requirements and additionally provide that officers should disclose interests. The declaration of such external interests as are relevant to employment is given fuller explanation in the Council's Code of Conduct for Employees.

6.4 **Internal Control Systems**

- 6.4.1 The Council has Standing Orders and Financial Regulations in place that must be followed by all staff. In addition, the Council has developed procedure and guidance notes in various financial and non financial areas. All staff must adhere to these.
- 6.4.2 The ~~Chief Finance~~ ~~Director~~ ~~Officer~~ has a statutory responsibility, under Section 151 of the Local Government Act 1972, for the administration of the Council's financial affairs.
- 6.4.3 The Council is committed to continuing with systems and procedures which incorporate efficient and effective internal controls designed to minimise risk, including the risk of fraud. These include adequate separation of duties to ensure that error or impropriety is prevented.
- 6.4.4 Under Financial Regulations, designated staff must ensure that these controls (including those in a computerised environment) are properly documented, maintained and are effective. The existence, appropriateness, and effectiveness of these internal controls are subject to independent review by the Council's Internal Audit Service who take the risk of fraud into account when planning and conducting their work.
- 6.4.5 External Audit are required, as part of their statutory duties, to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

6.5 Election Fraud

- 6.5.1 Election fraud damages the free and fair democratic process of electing representatives to the Council, County Council or Parliament. The Council established an Elections and Electoral Registration Review Panel in 2005 to seek improvements to the quality and accuracy of the Register of Electors and to the security of the vote. The Panel reviews the effectiveness of the controls that have been put in place to minimise the risk of fraud in the compilation of the Electoral Register and in elections. The Panel provides an Annual Report to Council.
- 6.5.2 Any suspected fraudulent activity will not be tolerated and will be referred by the Returning Officer to the police to investigate.

6.6 Bribery

- 6.6.1 Bribery is a criminal offence. The 2010 Bribery Act makes organisations and their employees liable for acts for bribery committed in the UK and abroad.

The Act includes four offences:

- Offering, promising or giving a bribe to another person;
 - Requesting, agreeing to receive or accepting a bribe from another person;
 - Bribing a foreign public official;
 - A corporate offence of failing to prevent bribery. An organisation will be liable to prosecution if it fails to stop individuals operating on its behalf from being involved in bribery (due to there being no adequate procedures in place to prevent such actions)
- 6.6.2 Procedures are in place to prevent and deter bribery. Codes of conduct include formal guidelines over the receipt and reporting of gifts and hospitality (see the Code of Conduct for Employees and the Members' Code of Conduct). Staff are required to make declarations of interest, where relevant.
- 6.6.3 Officers and Members declare interests at Council meetings, where appropriate. The extent to which Officers and Members should withdraw from the meeting is governed by the relevant Code of Conduct.
- 6.6.4 Contract Standing Orders set out controls over the invitation, opening and recording of tenders. The contract tendering procedure requires an anti collusion clause to be signed by tenderers. Contract award procedures also include due diligence checks.

7.0 Liaising With Others

- 7.1 Arrangements are in place to encourage the exchange of information, in line with the Data Protection Act [2018 and the General Data Protection Regulation \(GDPR\)1984](#), between the Council and other agencies on national and local fraud and corruption activity relating to public bodies.
- 7.2 Data matching is the comparison of personal data held in different systems. One important use of data matching is the identification of potential fraud. The

Council participates in the Cabinet Office's National Fraud Initiative and other data matching exercises.

8.0 Money Laundering

- 8.1 Money laundering is defined as:
- The process by which the proceeds of crime are concealed, disguised, converted, transferred or removed from England, Wales, Scotland or Northern Ireland
 - Being involved in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
 - Acquiring, using or possessing criminal property
- 8.2 Any service within the Council that receives money from an external person or body is potentially at risk from a money laundering operation. Vigilance is therefore vital.
- 8.3 Those staff considered most likely to encounter money laundering will receive training on how to identify and report suspicions as to the appropriateness of transactions. The Council has nominated the [Chief Finance Director Officer](#) as the main point of contact for money laundering issues. Any such suspicion must be reported to the [Chief Finance Director Officer](#) who will decide whether it is necessary to, and if so arrange to, file a report with the National Crime Agency (NCA)
- 8.4 The risk of money laundering in corporate borrowing and lending is managed by applying best practice in the Treasury Management function and adhering to the best practice policies and procedures set out in the CIPFA Code of Practice for Treasury Management.

9.0 Detection and Investigation

- 9.1 Preventative systems, particularly internal control systems within the Council, have been designed to help prevent and detect any fraudulent activity. It is the responsibility of the Corporate Management Group and Senior Managers to maintain the internal control systems and to ensure that the Council's resources are properly applied in the manner and on the activities intended. This includes responsibility for the prevention and detection of fraud and other illegal acts.
- 9.2 However, it is often the alertness of staff that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed, or is in progress.
- 9.3 Despite the best efforts of managers and auditors, many frauds are discovered by chance or by "tip-off" and, as described in section 5, the Council has a Confidential Reporting Policy to enable such information to be dealt with properly.

- 9.4 The ~~Chief~~ Finance ~~Director~~ Officer is responsible for the investigation of all suspected frauds, thefts or other irregularities. Investigating officers, normally drawn from the Council's fraud team or through the outsourced Internal Audit Service, will work closely with management to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council
- 9.5 The Council's disciplinary procedures will be used where the outcome of the audit investigation indicates improper behaviour involving staff.
- 9.6 Where financial impropriety is discovered, the Council's presumption is that the Police will be called in. The Crown Prosecution Service determines whether a prosecution will be pursued. Referral to the Police is a matter for the ~~Chief~~ Finance ~~Director~~ Officer, in consultation with the Head of Democratic and Legal Services. Referral to the Police will not prohibit action under the Council's disciplinary procedure.
- 9.7 The External Auditor also has powers to independently investigate fraud and corruption, and the Council can use his services for this purpose too.

10.0 Reporting of Outcomes

- 10.1 The nature of reports to management will vary depending on the type of alleged fraud being investigated. Any such reports will be treated as confidential.
- 10.2 Where, after investigation, it is believed that a loss may have occurred the ~~Chief~~ Finance ~~Director~~ Officer will report the matter to the Corporate Management Group.
- 10.3 Where a suspected fraud or other irregularity is material or could negatively impact on the Council's reputation, the Leader, the relevant member of the Executive and the Chairman of the Standards and Audit Committee must be informed.
- 10.4 On conclusion of the investigation, the ~~Chief~~ Finance ~~Director~~ Officer will consult with the Chairman of the Standards and Audit Committee as to whether it is appropriate to submit a summary report to the Committee. These reports will describe the area investigated, the outcome, action taken to prevent re-occurrence, any losses and action taken to recover such losses. Such reports will be included in Part II of the agenda as confidential items, where appropriate.
- 10.5
- 10.6 The Council's Marketing and Communications Team will co-ordinate any communications with the media arising from an investigation. Staff are not permitted to speak to the media regarding an investigation; failure to comply with this requirement may lead to disciplinary action.

11.0 Training

- 11.1 The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.
- 11.2 All staff will be instructed as to what action to take should they suspect fraud or corruption.. New staff will receive instruction and advice in the Council's induction training programme. This policy and the Confidential Reporting Policy are available on Ewokplus and on the Council's website.
- 11.3 The Corporate Management Group and Senior Managers will be responsible for ensuring that all staff are properly trained in the procedures they should follow when undertaking their duties. Staff not availing themselves of such training and guidance are clearly at risk of breaching the Council's rules and requirements. It is important that all staff are aware of their responsibilities. Ignorance of these rules and requirements will not be a defence in any resultant disciplinary proceedings.
- 11.4 The investigation of fraud and corruption centres on the Council's corporate fraud resource . It is clear, therefore, that staff involved in this work should also be properly and regularly trained and their training plans will reflect this requirement.
- 11.5 Following a recommendation, in November 2016, from the Council's internal audit service, specific training will be provided to Members and Officers on the differences between gifts/hospitality and bribes.

12.0 Summary

- 12.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that 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.
- 12.2 Consequently, the Council maintains a continuous overview of these arrangements. In particular, Standing Orders and Financial Regulations, various Codes of Conduct and Financial Practice and audit arrangements are subject to regular review. This policy will be subject to biennial review to ensure its currency.



Confidential Reporting Policy

Policy Agreed	
Document Type:	Corporate Policy
Document Name:	Confidential Reporting Policy
Document Location:	ewokplus
Effective Date:	December 2016 <u>November 2018</u>
Review Date:	December 2018 <u>November 2020</u>
Owner:	HR Manager
Consultee:	Unison and CMG
Approved by date:	4 December 2016 <u>29 November 2018</u>
Related documents:	
Keywords:	Confidentiality, Allegations, safeguarding against harassment
Equality Impact Assessment in place:	Yes
Relevant external law, regulation, standards:	Public Interest Disclosure Act 1998

Contents Page

Section		Page Number
1.0	Introduction	3
2.0	Aim and the scope of the policy	4
3.0	Safeguards against harassment or victimisation	5
4.0	Confidentiality	5
5.0	Anonymous Allegations	5
6.0	Untrue Allegations	5
7.0	How to Raise a Concern	6
8.0	How the Council will respond	7
9.0	The Responsible Officer	8
10.0	How the matter can be taken further	8
11.0	Monitoring and Reporting	8

1.0 Introduction

- 1.1 This policy is designed for employees so that they may raise concerns in the knowledge that they will be protected under its safeguards. The policy complies with the Public Interest Disclosure Act 1998 which gives statutory protection to any employee who raises concerns in good faith about a possible wrong-doing.
- 1.2 Local government employees have an individual and collective responsibility regarding their conduct and practices which are always subject to public scrutiny. As individuals employees are required to work within Woking Borough Council's Code of Conduct for Employees which is made available to all employees. The Council's regulatory framework also includes standing orders, financial regulations and the standards of the relevant professional organisations to which employees belong.
- 1.3 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. However, if the Council has a chance to deal with a potentially serious problem at the earliest opportunity this can reduce the damage that may be caused to persons, property or the Council's reputation.
- 1.4 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment all employees have a duty to bring to the attention of management any deficiency in the provision of service and any impropriety or breach of procedure in accordance with paragraph 5.1 of the Anti Fraud and Corruption Policy which reflects Financial Regulations. It is recognised that most cases will have to proceed on a confidential basis.
- 1.5 Employees who are aware of another employee committing any acts of wrong-doing who decide to ignore these actions and do not report their concerns may themselves also be subject to disciplinary action for knowingly allowing this wrong-doing to continue.
- 1.6 This policy document makes it clear that staff can raise concerns without fear of victimisation, subsequent discrimination or disadvantage. This Confidential Reporting policy is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or 'blowing the whistle' outside.
- 1.7 The policy applies to all employees and those contractors engaged by the Council on public service work. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example, temporary accommodation for the homeless. Partners and subsidiaries are also expected to meet the expectations set out in the policy.
- 1.8 These procedures are in addition to the Council's complaints procedures and other statutory reporting procedures applying to some departments. Staff are responsible for making service users aware of the existence of these procedures.

- 1.9 This policy has been discussed with the relevant trade unions and professional organisations and has their support.

2.0 Aims & Scope of this Policy

2.1 This policy aims to:

- encourage staff to feel confident in raising serious concerns and to question and act upon concerns about practice;
- provide avenues for staff to raise those concerns and receive feedback on any action taken;
- ensure that staff receive a response to their concerns and are aware of how to pursue those concerns if they are not satisfied;
- reassure staff that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith.

2.2 There are existing procedures in place to enable staff to lodge a grievance relating to their own employment (reference: Grievance Policy and Anti-Bullying and Harassment Policy). The Confidential Reporting Policy is intended to cover major concerns that fall outside the scope of other procedures. These include:

- conduct which is an offence or a breach of law;
- disclosures related to miscarriages of justice;
- health and safety risks, including risks to the public as well as other employees;
- damage to the environment;
- the unauthorised use of public funds;
- possible fraud and corruption;
- sexual or physical abuse of clients; or
- other unethical conduct.

2.3 Thus, any serious concerns that staff have about any aspect of service provision, or the conduct of officers or members of the Council, or others acting on behalf of the Council, can be reported under the Confidential Reporting Policy. This may be about something that:

- makes staff feel uncomfortable in terms of their own standards or experience or the standards that they believe the Council subscribes to; or
- is against the Council's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

- 2.4 This policy does not replace the corporate complaints procedure.

3.0 Safeguards against harassment or victimisation

- 3.1 The Council is committed to good practice and high standards and wants to be supportive of employees.
- 3.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what staff are saying is true, they should have nothing to fear because they will be doing their duty to their employer and those for whom they are providing a service.
- 3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect staff when they raise a concern in good faith.
- 3.4 Where an employee is being considered under the Council's disciplinary or redundancy procedures this will not affect their right to raise a concern under this policy.

4.0 Confidentiality

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal staff identity if they so wish. At the appropriate time, however, staff may need to come forward as a witness or provide a statement as part of the evidence.
- 4.2 The Council will do all that it reasonably can to support the employee once they take the decision to voice their concerns.

5.0 Anonymous Allegations

- 5.1 This policy encourages staff to put their name to an allegation whenever possible.
- 5.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 5.3 In exercising this discretion the factors to be taken into account would include:
- the seriousness of the issues raised;
 - the credibility of the concern; and
 - the likelihood of confirming the allegation from attributable sources.

6.0 Untrue Allegations

- 6.1 If staff make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, staff make an allegation frivolously, maliciously or for personal gain, action may be taken against them.

7.0 How to Raise a Concern

- 7.1 Financial Regulations require that the ~~Chief Finance Director~~ shall be informed of any possible irregularity affecting the resources of the Council, in order that an independent investigation may be undertaken. However, as a first step, staff may raise their concerns with their immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if staff believe that management is involved, they may approach the Chief Executive, Deputy Chief Executive, ~~any Strategic Director~~, the ~~Chief Financial Officer~~ ~~Finance Director~~, the Monitoring Officer, or the Head of Internal Audit. Alternatively staff may wish to raise the matter with their Union representative or a member of Human Resources staff who will be required to report the allegation to the ~~Chief Finance Director~~ ~~ial Officer~~. Staff can also raise the matter with the independent charity "Public Concern at Work" by telephoning 020 7404 6609 3117 2520 or e-mailing whistle@protect-advice.org.uk whistle@pcaw.org.uk. If the matter concerns allegations of fraud or corruption, the ~~Chief Finance Director~~ ~~ial Officer~~ will be informed in accordance with Financial Regulations.
- 7.2 The Council has produced a separate Code of Conduct for Employees and Anti Fraud and Corruption policy that should be read in conjunction with this policy.
- 7.3 Complaints may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format: the background and history of the concern (giving relevant dates); the reason why they are particularly concerned about the situation.
- 7.4 The earlier staff express the concern; the easier it is to take action.
- 7.5 Although staff are not expected to prove beyond doubt the truth of an allegation, they will need to demonstrate to the person contacted that there are reasonable grounds for their concern.
- 7.6 Advice/guidance on how matters of concern may be pursued can be obtained from:
- Chief Executive, Ray Morgan (x3333)
 - ~~Finance Director~~ ~~Chief Financial Officer~~, Leigh Clarke (x3277)
 - Monitoring Officer, Peter Bryant (x3030)
 - Head of Internal Audit, ~~James Graham~~ ~~eremy Welburn~~ (0786384 161433284149)
 - HR Manager, Amanda Jeffrey (x3904)
 - The charity "Public Concern at Work" (020 3117 2520 0207 404 6609).
- 7.76 ——— Staff may wish to consider discussing a concern with a colleague first and they may find it easier to raise the matter if there are two (or more) staff who have had the same experience or concerns.

- 7.87 Staff may invite a trade union or professional association representative, or a friend to be present during any meetings or interviews in connection with the concerns they have raised. Individuals who raise a concern who are not in direct employment of the Council may elect to bring a friend with them to any meeting or interviews.

8.0 How the Council will respond

- 8.1 The Council will respond to staff concerns. Testing out staff concerns is not the same as either accepting them or rejecting them.
- 8.2 Where appropriate, the matters raised may:
- be investigated by management, internal audit, or through the disciplinary process;
 - be referred to the police;
 - be referred to the external auditor;
 - form the subject of an independent inquiry.
- 8.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 8.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.5 Within ten working days of a concern being received, the Monitoring Officer will write to the member of staff who made the allegation in confidence:
- acknowledging that the concern has been received;
 - indicating how we propose to deal with the matter; giving an estimate of how long it will take to provide a final response;
 - telling them whether any initial enquiries have been made;
 - supplying staff with information on staff support mechanisms, and
 - telling staff whether any further investigations will take place and if not, why not.
- 8.6 The amount of contact between the officers considering the issues and the staff member will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from the person who made the allegation.

- 8.7 Where any meeting is arranged, off-site if staff so wish, they can be accompanied by a union or professional association representative or a friend.
- 8.8 The Council will take steps to minimise any difficulties which staff may experience as a result of raising a concern. For instance, if staff are required to give evidence in criminal or disciplinary proceedings the Council will arrange for them to receive advice about the procedure.
- 8.9 The Council accepts that staff need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will be informed of the outcome of any investigation.

9.0 The Responsible Officer

- 9.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger staff confidentiality) and will report as necessary to the Council.

10.0 How the matter can be taken further

- 10.1 This policy is intended to provide staff with an avenue within the Council to raise concerns. The Council hopes that staff will be satisfied with any action taken. If they are not, and if they feel it is right to take the matter outside the Council, the following are possible contact points:

- the charity "Public Concern at Work" - (020 ~~3117 25207404 6609~~), (whistle@protect-advicepcaw.org.uk)
- External Audit, ~~Neil Hewitson, KPMG (020 7311 1791~~ Neil.Hewitson@kpmg.co.uk[insert details]);
- The National Audit Office (enquiries@nao.org.ukgsi.gov.uk, whistleblowing hotline 020 7798 7999);
- trade union (see Working Unison pages on Ewok for contact details);
- local Citizens Advice Bureau (03444 111 444);
- relevant professional bodies or regulatory organisations,
- a relevant voluntary organisation;
- the police;

- 10.2 If staff do take the matter outside the Council, they should ensure that they do not disclose confidential information unless required to do so by law. Employees must not communicate any matters relating to the allegation and investigation with the media.

11.0 Monitoring and Reporting

- 11.1 All concerns raised through this procedure will be brought to the attention of the Responsible Officer i.e. the Monitoring Officer, who will monitor how they are dealt with and report on outcomes as necessary.

