

Darlington Borough Council

Anti-Fraud & Corruption Policy Statement

1 Introduction

Darlington Borough Council is determined to maintain its reputation as an Authority which will not tolerate fraud, corruption or abuse of position for personal gain, wherever it may be found in any area of Council activity.

The purpose of this Policy Statement is to set out for members and employees of the Council the main principles for countering fraud and corruption.

The Policy statement includes:-

- the scope;
- the culture and the stance against fraud and corruption;
- how to raise concerns and report financial malpractice;
- the principle of having a Council anti-fraud & corruption strategy;
- the responsible employee.

Elected Members, and employees, should play a key role in counter-fraud initiatives. This includes providing a corporate framework within which counter-fraud arrangements will function, and the promotion of an anti-fraud culture across the whole of the Council. This should provide a sound defence against internal and external abuse of public funds.

This Statement also reflects the principles of the Nolan Committee.

Part of the External Auditor's statutory duties are to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

The relevant definitions are as follows;

- Fraud is the "intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain".
- Corruption is the "offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person".

2 Scope

This Policy Statement applies to elected members, co-opted members of committees, and all employees who work for the Council.

With regard to others who provide services for the Council, the Nolan Committee reiterated a fundamental principle in its report on the "Standards of Conduct in Local Government" 1997, which was:-

"Where a citizen receives a service which is paid for wholly or in part by the taxpayer, then the government or local authority must retain appropriate responsibility for safeguarding the interests of both the user and taxpayer regardless of the status of the service provider".

Therefore, the Council expects that individuals and organisations (e.g. partners, suppliers, contractors, and service providers) that it deals with will act with integrity and without thought or actions involving fraud and corruption. Where relevant, the Council will include appropriate clauses in its contracts about the consequences of fraud, bribery and corruption; evidence of such acts are most likely to lead to a termination of the particular contract and may lead to prosecution.

The Anti-Fraud & Corruption Policy Statement and Strategy are commended to the Council's schools governing bodies, with the expectation that they will be adopted.

3 Culture and Stance Against Fraud & Corruption

Responsibility for an anti-fraud culture is the joint duty of all those involved in giving political direction, determining policy and management. The strategy should be directed against fraud and corruption whether it is attempted against the Council from outside or from within its own workforce.

The Council expects that Members and employees at all levels will lead by example in ensuring adherence to legal requirements, contract procedure rules, financial procedure rules, codes of conduct, other procedures and practices.

As part of this culture, the Council will provide clear routes by which concerns can be raised by both Members and employees, and those outside who are providing, using or paying for public services.

Senior Management is expected to deal swiftly and firmly with those who defraud the Council or who are corrupt. The Council, including Members, senior management and governors, should be robust in dealing with financial malpractice.

The Council also has in place two Committees whose monitoring roles are relevant

- The Standards Committee, which sets and monitors standards of conduct, and includes independent members who are neither Councillors nor Employees.
- The Resources Scrutiny Committee which scrutinises the way in which the Council's Financial and Human Resources are controlled and deployed.

4 Raising Concerns

Although this document specifically refers to fraud and corruption, it equally applies to all financial malpractice. This includes a wide range of irregularities and criminal acts that are financial or finance-related. It includes, for example, the criminal acts of theft of "property", which includes all assets and cash; false accounting; obtaining by deception; pecuniary advantage by deception; computer abuse and computer crime. Also, it includes bribery and corruption. Employees and Members can be exposed to a number of "pressures", from contractors, landlords, the public etc. to act in a particular way in a particular case; this may involve "favouritism" regarding the access to all kinds of services and benefits (e.g. grants, awards, benefits, council housing, or gaining contracts, planning permission, etc.).

Members and employees are an important element in the Council's stance on fraud and corruption, and they are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with the Council's activity.

Employees should normally raise concerns through their immediate manager, who will inform the Director of Corporate Services and their Director, if different. However it is recognised that they may feel inhibited in certain circumstances. In this case, employees and members should contact either the Chief Executive, the Director of Corporate Services or the Borough Solicitor. The Council's Confidential Reporting ("Whistleblowing") Policy gives further guidance on how to raise concerns and it gives details about the support and safeguards that are available to those that do raise concerns.

Concerns will be treated in confidence, properly investigated and dealt with fairly.

There is, of course, a need to ensure that any investigation process is not misused, therefore, any internal abuse, such as raising malicious or vexatious allegations, may be dealt with as a disciplinary matter.

5 Anti-Fraud & Corruption Strategy

This Policy Statement forms an important part of the Anti-Fraud & Corruption Strategy by setting out the tone, culture and expectations of the Council, as part of the corporate framework.

The Strategy itself details such key features as the corporate framework, prevention, detection and investigation, training and deterrence.

6 The Responsible Officer

Under Section 151 of the Local Government Act 1972 and Regulation 5 of The Accounts and Audit Regulations 2003 (S.I. No.533), the "Responsible Financial Officer" (i.e. the Director of Corporate Services) is responsible for ensuring that the Council has control systems and measures in place "to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records". An Anti-Fraud & Corruption Policy Statement and Strategy helps towards discharging part of this responsibility.

Also, under Regulation 6 of The Accounts and Audit Regulations 2003, the Council has delegated to the Director of Corporate Services, the responsibility for maintaining "an adequate and effective system of internal audit of the Council's accounting records and its systems of internal control in accordance with proper internal audit practices", together with the statutory right of access to documents, records, information and explanations considered necessary for that purpose.

Accordingly, the Director of Corporate Services will:-

- take overall responsibility for the maintenance and operation of this Policy;
- maintain records of financial malpractice, including concerns and allegations received; matters arising from audits; investigations and evidence; and the outcomes;
- report as necessary to the Council