

AUDIT COMMITTEE

4 DECEMBER 2006

AGENDA
ITEM

ANTI FRAUD / ANTI CORRUPTION POLICY, STRATEGY AND RESPONSE PLAN

Summary of report:

This report presents for information, the recently updated / refreshed anti fraud and anti corruption policy, strategy and response plan documents.

Background papers: Policy, strategy and response plan documents.

Reason for scrutiny:

The audit committee's activities include ensuring an effective internal control environment is maintained and regular ongoing scrutiny of internal audit work. This includes ensuring that appropriate arrangements are in place to respond to allegations of suspected irregularities reported to internal audit.

Recommendations:

The committee is requested to:

- note the contents of the report; and
- endorse the contents of the anti fraud and anti corruption policy, strategy and response plan documents.

Signed

Executive Director: Carole Evans
22 November 2006

Resource and legal considerations:

There is a requirement for managers to report suspected irregularities to internal audit. An irregularity allocation is included within the approved audit plan and the cost of undertaking investigatory work is charged to relevant services. Where necessary, advice is sought from legal services regarding the conduct of our inquiries.

Citizen impact:

Internal audit work is intended to ensure that effective systems of internal control are in place and includes arrangements for the prompt and vigorous investigation of potential irregularities reported to the service. This demonstrates the serious manner in which the council takes its responsibilities in dealing with reported incidents of fraud and corruption. The policy and strategy provides assistance to managers in their approach to pursuing reported incidents. This also offers protection to the council and its officers and gives an assurance to stakeholders regarding the security of the council's operations.

Environment impact:

None arising from this report.

Vision impact:

The work undertaken by internal audit contributes towards the council's vision in ensuring we operate a sound control environment and provide excellent customer services.

Equality Implications:

None arising from this report

Consultation:

The policy, strategy and response plan documents were approved by the former policy and resources committee on 30 July 1998 and have been updated as and when necessary since that date. The documents are held within public folders (financial control procedures) and will shortly be held on the revamped internal audit intranet website. The documents were most recently updated / refreshed in October 2006 and their location referred to within e-mails to senior managers and all staff on the 12 & 13 October 2006.

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ANTI FRAUD / ANTI CORRUPTION POLICY AND STRATEGY

1. The policy, strategy and response plan documents, among others, were originally prepared in 1998 in response to the concerns arising from the Nolan Report Committee on Standards in Public Life (The Seven Principles).
2. The documents were approved by the then Policy and Resources Committee on the 30 July 1998 and were intended to demonstrate the council's stance on fraud and corruption matters. A policy statement was approved to the effect that:

'The council (now Walsall Council) acknowledges its responsibility for the proper administration of public funds and wishes to emphasise to both the public and its employees the importance it places on probity, financial control and honest administration. The council's arrangements for the prevention and detection of fraud and corruption will be kept under constant review and suspected irregularities will be vigorously pursued and all appropriate action taken.

The council's financial and contract rules include reference to its stance on fraud and corruption and is further reflected within the 'Code of Conduct for Employees' thereby setting out the council's commitment to honest administration and the standards expected of its employees in this area.

3. The 'anti fraud and anti corruption policy and strategy', together with a response plan, make the council's position known to members, employees, other bodies and the general public. The document, annexed to this report details the council's commitment to an effective strategy on these matters designed to encourage prevention, promote detection and identify a clear pathway for investigation.
4. The strategy deals with both internal and external threats which fraud and corruption pose and outline procedures designed to frustrate attempted fraudulent or corrupt acts based on:
 - Culture;
 - Prevention;
 - Detection and investigation; and
 - Training.

5. The strategy acknowledges the council's relationship with, and openness to scrutiny by, outside bodies including local tax payers, service users, the business community and various other external agencies.
6. The council continues to be fully committed and supportive of the strategy document which is demonstrated by:
 - reinforcing the council's commitment to probity in its affairs;
 - ensuring sufficient resources are allocated to this important area;
 - indicating its desire to continue to enhance internal controls;
 - ensuring the council's continued participation in anti fraud measures.
7. To support the strategy a formal fraud and corruption response plan was prepared to ensure that routine matters adopted were formally recorded in a single document. The response plan is used by senior managers in dealing with cases of suspected fraud and corruption.
8. The documents were last updated / refreshed in October 2006 and referred to in e-mails to senior managers / all staff. In order to demonstrate support and commitment to the policy and strategy documents, the committee's formal endorsement of the documents is requested.