

STANDARDS COMMITTEE – 29 MAY 2002

STANDARDS OF CONDUCT FOR OFFICERS

Report of the Deputy Clerk and Solicitor

Purpose of the Report

1. To identify and make progress towards meeting adequate arrangements to maintain proper standards of officers' conduct.

Background

2. The District Auditor's Annual audit letter arising from his 2000/2001 audit of the Authority recorded that the Authority's "overall arrangements for fraud and corruption do not currently meet all the measures identified as good practice by the Audit Commission".
3. The letter refers specifically to:-
 - the absence of an anti-fraud and corruption policy
 - the absence of a confidential reporting code
 - the absence of a Members' register of hospitality and gifts
 - the lack of registers of interests for Members and support staff
 - the absence of a code of conduct for support staff.

Proposals

4. Dealing with each of these issues in turn –

- Anti-fraud and corruption policy

Attached as Appendix 1 is a Policy Statement on Fraud and Corruption, modelled on the policy followed in Gateshead Council and approved by the District Auditor as being fit for purpose.

- Confidential reporting code

Attached as Appendix 2 is a Confidential Reporting Code, again modelled on the Code used in Gateshead Council, which has been accepted both by the District Auditor and by trade unions representing Gateshead Council's employees

- Members' register of hospitality and gifts

This register has now been established as part of the Authority's response to the Members' Code of Conduct. There are no grounds for believing that the new system will fall short of the District Auditor's recommendations as to good practice.

- Register of interests for Members and support staff

Registers for Members are currently being completed as required by the Code of Conduct. This process is to be completed by 29 May 2002. So far as support staff are concerned, arrangements will need to be put in place to record interests in contracts with the Authority and to register hospitality and gifts offered and/or accepted/declined, with a value of £25 or above.

- Code of conduct for support staff

This is the least straightforward issue to address. The Authority's support staff do not currently work to a formal code of conduct embodied in their terms and conditions of employment, unlike Gateshead Council employees. The Standards Board for England is tasked with producing a new national code of conduct for local authority employees. There is no current indication as to when this will be produced, although it is unlikely to emerge before late Summer/early Autumn 2002, nor whether the code will apply in the same way to police authority employees as to local authority staff, although the presumption should be that it will. In view of the need to undertake full consultation with trade unions on this issue and to provide certainty to employees so that they can be very clear about what is required of them and the potential consequences should they fail to meet those requirements, it seems sensible to await the proposals for a national code before proceeding further.

Recommendations

5. It is recommended that:-
 - (i) the anti-fraud and corruption policy and the confidential reporting code attached as Appendices 1 and 2 to this report be recommended to the Authority for adoption, following appropriate consultation with trade unions representing the Authority's support staff;
 - (ii) the position on the Members' registers of hospitality and gifts and interests be noted;
 - (iii) the Authority be recommended to introduce a register of interests for support staff, again following appropriate consultation with trade unions representing support staff;
 - (iv) the position on the code of conduct for support staff be noted and the Authority be recommended to await publication of the proposed national code of conduct for local authority employees before considering a further report on its implementation.

Northumbria Police Authority

Policy Statement on Fraud and Corruption

1. Introduction

The Authority is opposed to fraud and corruption in all forms, whether perpetrated from within or outside of the organisation. The Authority seeks firstly to prevent fraud and corruption but will take all action necessary to identify fraud and corruption if suspected and will carry out any investigation that is needed.

Fraud and corruption cheats the local tax payer and undermines the aims of the Authority to provide value for money services in an open, honest and accountable way. The Authority will make strenuous efforts to recover any losses arising from fraud and corruption, using the necessary legal processes where appropriate. Generally all cases and suspected cases of fraud and corruption will be referred to the police for investigation.

2. Prevention

Employees

The National Joint Council for Local Government Services' National Agreement on Pay and Conditions ('The Green Book') Part 2, paragraph 2, specifically refers to official conduct and states that "*Employees will maintain conduct of the highest standard such that the public confidence in their integrity is sustained*".

The Authority recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the propriety and integrity of potential employees. This should include temporary and fixed term contract employees as well as permanent employees. Managers should ensure that procedures laid down in respect of recruitment are followed and that, in particular, references are obtained before employment offers are confirmed.

Employees of the Authority are expected to follow any Code of Conduct related to their Professional Institute and also abide by the Code of Conduct for Local Government Employees. This includes provisions in respect of the declaration of registration of interests, gifts and hospitality.

Employees must operate under Section 117 of the Local Government Act 1972 regarding the disclosure of pecuniary interests in contracts relating to the Authority, or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration, subject to the provisions of the Authority's Code of Conduct.

The Authority recognises that training and the responsiveness of employees is important to the continuing success of its anti fraud and corruption strategy. The role that employees are expected to play in the Authority's framework of internal control will feature in induction training and be regularly highlighted and reinforced thereafter.

The Authority has in place a disciplinary procedure for all categories of employees and the possibility of disciplinary action being taken against employees who ignore guidance is clear.

Members

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

- Model Code of Conduct for members of Police Authorities, as set out in the Police Authorities (Model Code of Conduct) Order 2001
- Part III of the Local Government Act 2000
- The Authority's Standing Orders

These matters are specifically brought to the attention of Members at the Induction Course for new Members and are in the Members Handbook. They include rules on the declaration and registration of potential areas of conflict between Members' Authority duties and responsibilities and any other areas of their personal or professional lives.

Internal Control Systems

Financial Regulations of the Authority provide the framework for financial control. The Authority's Financial Regulations require Managers to establish internal control so that the activities under their control are conducted in an efficient and well ordered manner. Internal control comprises the whole system of control and methods, both financial and otherwise, which are established to:-

- Safeguard the Authority's assets;
- Ensure reliability of records; and
- Monitor adherence to policies and directives.

The Authority's Internal Audit Service independently review, appraise and report on the soundness, adequacy and application of internal control. Managers are required to notify at once, and before proceeding with any further investigation, the Treasurer of any matters involving, or thought to involve theft, fraud or financial irregularity or bribery or corruption which involves the Authority's interests.

The Authority's external auditors also provide safeguards for the stewardship of public monies. The external auditor has a specific responsibility to review the adequacy of the Authority's financial systems and its arrangements for the prevention and detection of fraud and corruption.

Liaison

Arrangements are in place which encourage the exchange of information between the Authority and other agencies on national and local fraud and corruption activity. The Authority recognises that to prevent fraudsters using multiple identities and addresses, it cannot work in isolation and must liaise with other organisations. It has therefore fostered a number of external contacts which include:-

- Local Authorities
- Audit Commission
- District Auditor
- Universities and Colleges
- DSS
- The Benefits Agency
- Inland Revenue
- H M Customs and Excise

All liaisons are subject to Data Protection legislation and confidentiality of information.

3. Detection and investigation

Detection

The preventative system within the Authority, particularly internal control systems and Audit, generally should be sufficient in themselves to deter fraud but they have also been designed to provide indications of any fraudulent activity. In performing their duties, internal auditors will:-

- endeavour to reveal any serious defects in systems of internal control which might lead to the perpetration of fraud;
- be alert to the possibility of malpractice or corruption;
- take nothing for granted;
- be aware of the possibility of collusion.

It is often the alertness of Members, employees and the public that enables detection to take place and they are positively encouraged to raise any concerns that they have in connection with the Authority's activities. Such concerns will be treated in confidence and properly investigated. These concerns can be raised through any of the following routes:-

- Managers
- Internal Audit Service
- Treasurer
- Clerk or Deputy Clerk and Solicitor
- Authority's Complaints Procedure
- Authority's Confidential Reporting Code

Investigation

The Treasurer is responsible for following up all allegations of fraud and corruption received and will do so by arranging for the Internal Audit Service to carry out an investigation. The Internal Audit Service will ensure that:-

- matters are dealt with promptly
- all evidence is recorded
- evidence is sound and adequately supported
- all evidence is held securely
- liaison with the Police, if appropriate
- in consultation with the Personnel Adviser and the Deputy Clerk and Solicitor and the relevant Manager, the Authority's Disciplinary Procedures are implemented
- the Authority's insurers are informed, if required
- rules of natural justice are applied
- the Authority's Confidential Reporting Code is adhered to.

Where financial impropriety is discovered, either from employees defrauding the Authority or from persons committing criminal offences against the Authority (such as members of the public who have dishonestly obtained benefits to which they are not entitled), then the general rule is that the matter will be referred to the Police. The final decision on referral will lie with the Treasurer and, where appropriate, in consultation with the Manager concerned. The following factors will be taken into account:-

- the amount of the loss and the duration of the offence;
- the person's physical and mental condition;
- voluntary disclosure and arrangements for restitution;
- how strong the evidence is;
- whether the prosecution is in the public interest;
- the deterrent effect of any publicity associated with the case.

In the case of 'internal' fraud, disciplinary action does not depend upon the instigation or success of a prosecution, there are different standards of evidence and materiality required.

There is a need to ensure that any investigation process is not misused. Any abuse therefore such as raising unfounded malicious allegations may be dealt with as a disciplinary matter in accordance with the Authority's Confidential Reporting Code and may leave the complainant open to an action for defamation.

4. Summary

The Authority has a clear commitment to seeking to prevent corruption, fraud or other misuse of public funds and assets. It will, however, take all action necessary to identify fraud and corruption if suspected and pursue the recovery of losses and the punishment of those responsible, whether employees or members of the public.

The Authority's Members and employees are expected to have the highest standards of conduct and be vigilant in combating fraud and corruption in all its guises.

The Authority has in place a clear network of systems and procedures to assist in combating fraud and corruption. These arrangements will be kept under continual review.



Northumbria Police Authority

Confidential Reporting Code

A. Confidential Reporting Code

The Authority is determined to ensure that its employees provide the best levels of service and act properly.

This code is designed to give employees the chance to draw attention to concerns about wrong or unacceptable practice. It is not about telling tales on colleagues but aims to ensure that work is carried out honestly and well.

All concerns will be recorded and investigated promptly.

Concerns will, so far as is possible, remain confidential and those raising them will be treated fairly by the Authority.

Reports will be prepared, following investigation and appropriate action will be taken to resolve concerns.

This code has been discussed with relevant trade unions and has their support.

B. Explanation of Code

1. The sorts of issues covered by the code include:
 - (a) any unlawful act;
 - (b) breaches of Authority policy, codes of practice and acceptable standards of behaviour;
 - (c) misuse of assets;
 - (d) actions which could harm people;
 - (e) significant damage to property;
 - (f) abuses of position, power or authority;
 - (g) unfair discrimination, and
 - (h) other unethical conduct
2. This code is meant to add to existing procedures (for example, for dealing with grievances). It should only be used where employees reporting concerns feel that other procedures can not be used.

3. In many cases it is the Authority's employees who are best placed to know of any concerns about wrong or unacceptable practice within the Authority and to identify matters which fall short of what the Authority expects. The Authority therefore expects employees to report their concerns and will treat failure to do so as a serious matter. The earlier you express the concern the easier it is to take action.
4. Although you are not expected to prove beyond doubt the truth of a concern, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern. The Authority recognises the potential vulnerability of employees who express concerns under this procedure and will not tolerate any attempt to harass or victimise such a person.
5. Where a concern is found to be malicious or has been made in bad faith, this will be regarded as a serious matter and could lead to disciplinary action.
6.
 - (a) This code encourages you to put your name to your concern whenever possible.
 - (b) Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Authority.
 - (c) 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 concern from attributable sources.

C. Procedures

1. Line managers will normally be the first point of contact. They will be responsible for initiating investigations to concerns promptly. If employees feel that their line manager may be involved in the matter about which they are concerned, a more senior manager should be the person informed of the concern.
2. The person receiving the concern will:
 - (a) record it;
 - (b) ensure confidentiality, so far as may be possible in dealing properly with it;
 - (c) investigate promptly and respond to the employee concerned, under section D below. The person receiving the concern will also have a right of access to the relevant Lead Officer and to appropriate Authority records and documents;

- (d) report to the appropriate Lead Officer and the Personnel Adviser, where the investigation identifies a serious cause for concern. Where a concern involves **theft, fraud or financial irregularities or bribery or corruption** which involves the Authority's finances, the Treasurer should be notified before proceeding with any further investigation. The Treasurer shall take such steps as he may consider necessary by way of investigation and will report to the relevant Lead Officer as to any further action to be taken;
 - (e) recommend appropriate action to resolve the concern.
3. Where the employee's concern relates to the conduct of a Lead Officer, the employee should report to the Clerk.
 4. Where the employee's concern relates to the conduct of the Clerk, the employee concerned should report to the Deputy Clerk and Solicitor, who will liaise with the Treasurer and the Personnel Adviser in applying these procedures.
 5. It is desirable for those raising concerns to give the person charged with investigating them all relevant facts and the reasons for concern.
 6. Although employees are not expected to prove the truth of any allegation, they will need to demonstrate sufficient and genuine grounds for concern.

D. The Authority's Response

1. Initial enquires will be made to decide what investigation will be appropriate. Concerns which come within the scope of existing procedures will normally be considered under those procedures.
2. Some concerns may be resolved by agreed action without the need for investigation.
3. Within 10 working days of a concern being received the Authority will, in writing –
 - (a) acknowledge receipt of the concern;
 - (b) indicate how it proposes to deal with it;
 - (c) give an estimate of how long it will take to provide a final response;
 - (d) state whether any inquiries have been made, and
 - (e) state whether any further investigations will take place, and if not, why not.

4. If necessary, further information will be sought from the person raising the concern.
5. If a meeting is arranged between the person responsible for dealing with the concern under this procedure and the employee raising it, then the employee has the right to be accompanied by a trade union representative or a friend who is not involved in the area of work to which the concern relates.
6. The Authority will confirm in writing to those raising concerns that they have been properly dealt with. Information about outcomes of investigations will be given unless this is not possible for legal reasons.
7. Employees must observe the guidelines set out in the Authority's Code of Conduct for Employees and especially those which deal with the use of confidential information.