

<b>Report To:</b>	<b>AUDIT COMMITTEE</b>
<b>Date:</b>	<b>20 MARCH 2023</b>
<b>Heading:</b>	<b>CORPORATE GOVERNANCE AND ANTI-FRAUD UPDATE</b>
<b>Executive Lead Member:</b>	<b>NOT APPLICABLE</b>
<b>Ward/s:</b>	<b>NOT APPLICABLE</b>
<b>Key Decision:</b>	<b>NO</b>
<b>Subject to Call-In:</b>	<b>NO</b>

### **Purpose of Report**

Robust Corporate Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. The report sets out the arrangements for preparing the Annual Governance Statement for 2022/23.

The report gives an overview of the Anti-Fraud and Data Matching work undertaken during the past year.

The report also provides the Committee with an update in relation to how the Whistleblowing Policy has operated in the preceding 12 months and recommends some minor amendments to the Whistleblowing Policy.

### **Recommendation(s)**

**Committee is asked to:**

- 1. Note the process for preparing the 2022/23 Annual Governance Statement;**
- 2. Note the overview of the Anti-Fraud and Data Matching work undertaken during the past year contained in the report.**
- 3. Approve the minor changes to the Whistleblowing Policy in accordance with the draft attached to the report at Appendix 1; and**
- 4. Note how the Whistleblowing Policy has operated during 2022/23.**

## **Reasons for Recommendation(s)**

It is best practice for the Council to review its Corporate Governance arrangements annually as part of the preparation of the Annual Governance Statement and to compare this to the expectations set out in the Local Code of Corporate Governance.

Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and elected Members. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation. The Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

To ensure the Committee is adequately informed to enable it to monitor the operation of the Whistleblowing Policy in accordance with the Committee's Terms of Reference as set out in the Constitution. To ensure the Whistleblowing Policy is reviewed regularly and kept up to date.

## **Alternative Options Considered**

The Committee may consider alternative changes to the draft Whistleblowing Policy which must be in accordance with the law and Council procedures.

## **Detailed Information**

### **Corporate Governance**

#### **Introduction**

Robust Corporate Governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements. This includes various policies and procedures which set out the Council's approach to preventing, detecting and investigating fraud and corruption.

The following policies and procedures were reviewed, updated and approved by this Committee in March 2022:

- Anti-Bribery Policy
- Anti-Money Laundering Policy Statement and Procedure
- Prosecution Policy
- Whistleblowing Policy

The Anti-Fraud and Corruption Policy and Strategy and the Fraud Response Plan require updates during 2023/24. The Council's Contract Procedure Rules are in the process of being reviewed currently in order to be considered for approval at the Annual General Meeting in May 2023 as part of the Constitution review.

## Local Code of Corporate Governance

The Local Code of Corporate Governance sets out the Council's arrangements and is based on the guidance "Delivering Good Governance in Local Government" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016.

The CIPFA/SOLACE guidance identifies seven core principles and various sub principles; the recommended Local Code of Corporate Governance is based on these seven core principles. The seven principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the Council's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Local Code of Corporate Governance informs the Annual Governance Statement. The Local Code of Corporate Governance is subject to annual review to inform the governance framework for the following year. The Code was reviewed at the end of 2022 and some minor changes were approved at the meeting of this Committee in November 2022. The Local Code of Corporate Governance will be reviewed and brought back to this Committee towards the end of this calendar year.

## Annual Governance Statement

The Annual Governance Statement (AGS) is prepared in order to publicly report on the extent to which the Council has complied with its Local Code of Corporate Governance. The AGS looks at how the effectiveness of the Council's governance arrangements have been monitored and evaluated during the year and looks at any planned changes. The AGS will be prepared in order to be presented as part of the draft Statement of Accounts which must be produced by 31 May 2023, unless this deadline is extended as a consequence of a recent consultation on the Accounts production deadline.

The preparation of the AGS will follow the process set out below:

- The initial review of the effectiveness of the Council's governance framework has been conducted by the Council's Executive Director - Governance (Monitoring Officer).
- To inform the process, the Corporate Leadership Team has carried out a Corporate Assurance Assessment and each Executive Director has provided a Statement of Assurance.
- The Constitution review, performance reporting and risk management arrangements will be taken into account.
- The results of all this review work will be set out in a draft Annual Governance Statement prepared by the Executive Director - Governance (Monitoring Officer).

- The Corporate Leadership Team will review the draft Statement and consider whether the improvements proposed represent an appropriate and proportionate response to any significant governance issues identified.
- The draft Governance Statement, modified to reflect the views of the Corporate Leadership Team, will be circulated to existing Members of the Council's Audit Committee.
- The Executive Director - Governance (Monitoring Officer) will finalise the Annual Governance Statement in readiness for the finalisation of the 2022/23 Statement of Accounts.
- The draft Annual Governance Statement will be presented and explained to Audit Committee members as part of the induction of Councillors following the District elections in May in advance of formal approval.
- The Audit Committee at its meeting in July 2023 will be asked to formally approve the draft Annual Governance Statement as part of the draft Statement of Accounts.

## **Anti-Fraud**

Fraud and Corruption are serious issues which can affect the services the Council provides, undermine the achievement of corporate objectives and impact upon the public's confidence in the integrity of Council Officers and elected Members. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organisation. The Council is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

In order to ensure the Council takes a corporate approach to dealing with fraud and corruption, the Anti-Fraud and Corruption Strategy Group was established a few years ago and meets on a quarterly basis. The Group consists of the Executive Director - Governance (Monitoring Officer) and representatives from Finance, Legal, Estates, Revenues and Benefits, Housing, Central Midlands Audit Partnership (CMAP), Procurement/Corporate Risk Management and Human Resources with other officers brought on to the group as necessary. The Group develops and delivers an annual work plan.

The Council's arrangements regarding Anti-Fraud, including Data Matching, to ensure appropriate operational resilience and resource levels was considered as part of the Decision Making Accountability work being undertaken by the Local Government Association. As this work has only recently concluded as part of the recent Corporate Leadership Team and Extended Leadership Team review, the revision of the Anti-Fraud and Corruption Policy and Strategy and Fraud Response Plan has not been undertaken as planned and will be presented to a future Audit Committee for consideration and approval. The responsibility for Anti-Fraud will, following a transition and handover period, be moving to the Corporate Resources Director's remit.

The work of the Anti-Fraud and Corruption Strategy Group includes a quarterly review of the Fraud Risk Register. There are no high level risks which require reporting to the Committee.

During the past 12 months:

- Tenancy Fraud Training (provided by the Housing Quality Network) was delivered to Housing employees
- Fraud Webinars provided by Barclays Bank have been attended by finance employees, including in relation to Fraud & Cyber Security and Insider Fraud
- The Tenancy Fraud Procedure (Housing Management Department) was reviewed and updated in February 2023

- 20 tenancy fraud reports have been received about Council owned properties from 1 April 2022 to 7 March 2023. Most were reports of alleged abandonment and alleged subletting. All reports of fraud have been reviewed and considered. Following investigations, it became apparent that some were malicious reports. Some of the reports related to tenants who had submitted their 4 weeks' notice to terminate the tenancy. Of the 20 reports, there were no incidents of fraud which required further, detailed investigation.

## Whistleblowing Policy

The Council has in place a Whistleblowing Policy which sets out a process for people to confidently report concerns, such as fraud. This policy makes it clear that people can report their concerns without fear of reprisals.

Paragraph 8.1 of the Whistleblowing Policy states that:

*“The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. This Officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report these to the Standards and Personnel Appeals Committee and the Audit Committee once a year. The Whistleblowing Policy will also be reviewed on a bi-annual basis.”*

A review of the policy has been undertaken and two small changes to the policy are recommended to take account of new job titles for two officers. The revised draft policy is attached at Appendix 1; the changes are highlighted in red.

The Standards and Personnel Appeals Committee received a whistleblowing update report at its meeting on 9 March 2023 and approved the changes to the Policy as set out in Appendix 1.

### Application of Policy during the Preceding 12 Months

During the period starting April 2022 to the present, there has been **one** report made under the whistleblowing policy drawn to the Monitoring Officer's attention.

The complaint was raised anonymously. The complaint related to the process for Councillors to update their Register of Interests and whether a breach of the Members' Code of Conduct had occurred. The issues raised were considered by the Monitoring Officer and no further action was necessary as there was no evidence of a breach of the Members' Code of Conduct.

### Previous Application of Policy

The following table sets out the application of the Whistleblowing Policy for the past 8 years to the present date:

YEAR	TOTAL NUMBER OF COMPLAINTS	NO FURTHER ACTION	MANAGEMENT RECOMMENDATIONS	DISCIPLINARY/ GRIEVANCE INVESTIGATION
2015	2	1	1	0
2016	2	0	1	1
2017	3	1	1	1
2018	3	1	0	2

2019	4	3	1	0
2020	1	0	1	0
2021	0	0	0	0
2022	1	1	0	0
2023 to date	0	0	0	0

## **Implications**

### **Corporate Plan:**

To ensure we deliver high-quality public services we have adopted a set of corporate values which underpin the successful delivery of our priorities. How we work is as important as what we do. The Council's values are:

- People Focussed
- Honest
- Proud
- Ambitious

It is important that the Council has the most effective infrastructure and support to enable:

- The delivery of the Corporate Plan
- Financial sustainability to continue to deliver key services
- A productive workforce that delivers services well

### **Legal:**

The Whistleblowing Policy has been written to take account of the Public Interest Disclosure Act 1998 which protects workers making disclosures in good faith. [RLD 17/03/2022]

**Finance:** No direct financial implications arising from this report. [PH 09/03/2023].

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	N/A
General Fund – Capital Programme	N/A
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	N/A

### **Risk:**

<b>Risk</b>	<b>Mitigation</b>

<p>Failure to maintain integrity and confidence in the Whistleblowing Policy and its applications.</p>	<p>Annual reporting to the Audit Committee and Standards and Personnel Appeals Committee. Annual update on the application of the policy. Update reporting in accordance with the policy to the Whistleblower (if identified). Identification of trends in disclosure to inform Management. The review ensures compliance with the governance framework and assists with the annual governance review.</p>
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## **Human Resources:**

Regular review, maintenance and consistent application of the Whistleblowing Policy infers good employment practices. As such it is important to maintain the integrity of the policy. There are no other Human Resource issues identified in the report.

## **Environmental/Sustainability**

There are no Environmental/Sustainability issues identified in the report or the policies reviewed.

## **Equalities:**

There are no equalities issues identified as a direct result of the report. Equalities issues would be considered as part of any whistleblowing investigation.

## **Other Implications:**

None.

## **Reason(s) for Urgency**

Not applicable.

## **Reason(s) for Exemption**

Not applicable.

## **Background Papers**

Not applicable.

## **Report Author and Contact Officer**

Ruth Dennis  
EXECUTIVE DIRECTOR – GOVERNANCE (MONITORING OFFICER)  
[ruth.dennis@ashfield.gov.uk](mailto:ruth.dennis@ashfield.gov.uk)  
01623 457009