



## **Appendix A**

# **BUSINESS IRREGULARITY PROCEDURES**

**June 2011**

## **Procedure**

**NB: No Investigatory work is to be undertaken by any officer of the Council without the express approval of the Chief Executive or, in his absence, the Head of Audit, Performance & Strategic Planning. Delegation to the Head of Service on this basis is assumed thereafter in this Procedure.**

1. All Executive Directors and Heads of Service will make arrangements within their own Directorate to ensure that, where it is suspected or known that business irregularities have occurred, for example:
  - misappropriation or embezzlement of monies, materials etc. placed in the employee's charge;
  - intentional distortion of records for any fraudulent purposes;
  - misuse of the Council's ICT infrastructure including information;the matter will be reported immediately to them or the senior officer nominated by them in order that an investigation can be considered by the Chief Executive.

This includes anonymous allegations and all categories within the Public Interest Disclosure Act 1998.

2. An Executive Director, Head of Service or nominated senior officer, having been informed of a suspected or known defalcation, shall contact immediately the Chief Executive, requesting that an investigation be carried out. The Chief Executive will thereafter have a preliminary investigation carried out and report back to the Executive Director, Head of Service or nominated senior officer concerned, as soon as possible. The Chief Executive has authority of audit as detailed in Financial Regulation I4 to:
  - i) Enter at all reasonable times any Council premises or land.
  - ii) Have access to all records, documents and correspondence relating to financial and other transactions of the Council.
  - iii) Require and receive such explanations as are necessary concerning any matter under examination.
  - iv) Require any employee of the Council to produce cash, stores, or any other Council property under his control.

Only the Chief Executive can approve the commencement of an investigation and this expressly includes the gathering of initial information & intelligence and the interrogation of any ICT hardware and/or systems.

3. This authority will be exercised on behalf of the Chief Executive by Internal Audit staff under the direction of the Head of Audit, Performance & Strategic Planning. All senior departmental management should ensure that, in relation to suspected or known business irregularities, no work of an investigatory nature is carried out by any of their staff. Such action may compromise a later investigation, invalidate evidence and prevent a proper resolution of a case being achieved. It is solely for members of the Internal Audit Section to carry out investigatory work, although it may be that the assistance of the department involved is requested by Internal Audit as part of the exercise of gathering evidence.

4. Depending on the nature and anticipated extent of the allegations, the Internal Audit Section will normally work closely with management and other agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon. Audit Investigations will be undertaken without unreasonable delay.
5. The Internal Audit Section, if there is reasonable concern, are authorised to carryout workplace searches of all furniture and equipment made available to employees in the course of their employment which are and remain the property of the Council. This shall include employee desks, lockers, toolboxes and work benches. Internal Audit also reserves the right, if warranted in consultation with senior management, to search any furnishings, equipment and other objects used in or brought into the workspace.
6. On the basis of a report on the preliminary investigation from the Head of Audit, Performance & Strategic Planning, a decision shall be taken by the Executive Director, Head of Service or nominated senior officer as to whether or not the employee concerned should be removed from his / her existing workplace and found alternative work or suspended with pay pending the results of further investigation.
7. Prior to this decision being implemented, the employee concerned will be called to an interview (accompanied, if he / she so wishes by his / her trade union representative or other person of his / her choice) and advised of the reason for the interview, of the decision to extend the audit investigation and whether he / she is to be moved to another work location or suspended with pay pending the completion of the investigation.
8. If, in the course of the investigations, further interviews by the Head of Audit, Performance & Strategic Planning or other Council officers are required with the employee concerned, the employee must be given the opportunity of being accompanied by his / her trade union representative or other person of his / her choice if he / she so wishes.
9. Where disciplinary procedures appear necessary, the Head of Audit, Performance & Strategic Planning will advise the Head of Organisational Development & Human Resources and Departmental Executive Director of the findings.
10. Thereafter, the Executive Director, Head of Service or nominated officer and the Head of Organisational Development & Human Resources will consult jointly with the Chief Executive advising in writing on what further action they consider should be taken.
11. At the conclusion of the investigations when the findings are known, the employee concerned will be called to a further interview by the Executive Director, Head of Service or nominated senior officer and advised of the broad nature of the findings and of the proposed course of action (e.g. return to place of work and normal working or possible disciplinary action).

12. In the event of disciplinary action being contemplated, the Disciplinary Policy will apply. The ultimate decision on whether to discipline is for the departmental manager. However the Audit report's findings should be taken into consideration by the manager when carrying out a disciplinary investigation. Thereafter should disciplinary action take place the employee should be made aware of the findings of the report.
13. No approach is to be made to the Police by any Council officer regarding business irregularities, except by the Chief Executive or other Council officer acting on the Chief Executive's authority. Only where there has been a break-in and this may result in an insurance claim against the Council's policy or where a crime has been committed against an individual, e.g. personal injury, should departmental personnel contact the Police directly.
14. In the event of any Police involvement in business irregularities, they must be given full co-operation whilst conducting their enquiries.

**Related Documents:**

Financial Regulations  
Standing Orders  
Scheme of Delegation  
Code of Conduct for Elected Members  
Code of Conduct for Employees  
Disciplinary Policy  
Grievance Policy  
Confidential Reporting Policy (Whistleblowing)  
Corporate Complaints Procedure  
Strategy for the Prevention and Detection of Fraud and Corruption  
Internal Audit Charter  
Housing / Council Tax Benefit Fraud Strategy  
National Fraud Initiative 2008/09 - Strategy for Investigation of Matched Datasets  
National Fraud Initiative – Additional Exercise in 2009/10 – Strategy for Matching of  
Council Tax Data to Electoral Register