

## Report of the Executive Director Core Services

### AUDIT AND GOVERNANCE COMMITTEE – 13<sup>th</sup> April 2022

#### CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY ANNUAL REPORT

##### **1. Purpose of the Report**

- 1.1 This annual report presents the Committee with a review of the activities and current issues regarding the Council's Confidential Reporting (Whistleblowing) Policy and supporting procedures.

##### **2. Recommendation**

- 2.1 **It is recommended that the Committee consider the report and the assurances it provides and commits to continue to support the Council's overall counter fraud culture and the work of Internal Audit and the Corporate Anti-Fraud Team.**

##### **3. Background**

- 3.1 The Council has had a Corporate Whistleblowing Policy since 2000. It has undergone a number of reviews and revisions to ensure it remains fit for purpose and meets best practice and any guidance as may have emerged and changed over the years. The Committee will recall that the title of the policy was changed to Confidential Reporting when it was last reviewed and approved by Cabinet in January 2020.
- 3.2 The specific confidential reporting arrangements are of course just one vehicle for concerns to be raised. The degree and extent of the specific use of the procedures is therefore not considered significant when taken with the other means by which concerns are raised. What is important of course is ensuring there are clear and understood routes for raising concerns and that there are suitable resources and arrangements in place to ensure appropriate investigations are undertaken.
- 3.3 Again as the Committee is aware a number of other policies, strategies and procedures were also reviewed and considered by the Committee (and approved by Cabinet). These policies were publicised internally. The Anti-Fraud week that was held in November 2021 incorporated the publicity / reminders of this and the other anti-fraud policies in place.

#### 4. Confidential Reporting Activity

4.1 As referred to above the confidential reporting arrangements are part of a wider framework of how employees, particularly can raise concerns. However, specifically in relation to the use of the whistleblowing arrangements, during the last 12 months there have been 2 instances of contact, 1 received via email/letter and 1 through direct contact with one of the Corporate Whistleblowing Officers. One of the concerns was raised anonymously. The table below summarises the 2 concerns raised.

		<b>Nature of Concern</b>	<b>Action Taken</b>	<b>Status</b>
1	Anonymous	Allegations regarding an employee's fitness to work.	Thorough investigations undertaken but no evidence found to substantiate the allegations.	Closed
2	Name provided	Allegations of management failure to take appropriate action.	Thorough investigation undertaken and continued involvement in the issue. Remains part of an ongoing matter.	Open

4.2 Although there have only been these 2 instances where the specific Confidential Reporting arrangements have been used, there have been other matters raised directly with senior management, both anonymously and with names provided. In these cases, advice is sought from the Corporate Anti-Fraud Team, Internal Audit or one of the Corporate Whistleblowing Officers. In all cases the circumstances of the matter are considered to identify any opportunities for learning and particularly in the improvement of controls.

4.3 As has been highlighted in previous reports, whilst this level of activity may be regarded as low in this particular period, it is difficult to speculate what would be an appropriate figure. There are several ways to judge the volume of referrals through this process; more positively, a low number could indicate on the one hand there are only a few instances of irregularity or concern that are being identified, or less positively, that the process for reporting is not trusted. A higher number of referrals could indicate a greater level of trust with the process but less positively, an indication that there are more instances of irregularity occurring.

4.4 Using the procedure does of course provide the additional protection of a protected disclosure when a matter is raised in the public interest and in good faith, but employees raising concerns do not necessarily look for that assurance – which is in fact reassuring that they have confidence that concerns will be acted on in an appropriate way. That employment protection is of course also provided where an employee raises a concern directly with management.

- 4.5 The Committee will appreciate that dealing with concerns raised anonymously are often more difficult to investigate, relying on the level of detail provided and the ability to follow-up and seek corroboration. Great care is taken to try and establish the motives for an anonymous concern where there is an obvious risk of a matter being raised maliciously. However, all concerns raised are investigated and discussed with relevant senior officers.
- 4.6 In relation to the confidential reporting arrangements themselves, of particular focus is to have regard to the extent to which firstly, we feel the policy and procedures meet best practice, secondly, that we have appropriate means to publicise the policy, and thirdly, that when the arrangements are used, there is an appropriate response – i.e., the arrangements work.
- 4.7 Whilst not prompted by any particular issue, the confidential reporting arrangements will be fundamentally reviewed over the next 12 months. This will incorporate the feasibility of utilising a specialist company that provides an external conduit that concerned employees can use to raise their concerns, revised employee awareness training, and subject to the first point the revision of the policy and guidance and publicity.
- 4.8 Although unpleasant to consider, there is a recognised increased risk to all organisations that when the general economic situation worsens and individuals are put under personal financial pressure, there can be a temptation for employees, and those external to organisations to undertake some kind of wrongdoing. As we know and appreciate, the vast majority of employees in the Council (and in all organisations) are honest and trustworthy and won't tolerate others depriving the Council of its scarce resources. The Council is committed to having a robust and effective process to facilitate the raising of concerns as a key part of our armoury to protect its assets and resources.

## **5. Risk Management Considerations**

- 5.1 Having effective arrangements for confidential reporting is a key element to any organisation's attempts to minimise the risk and incidence of fraud, corruption, and other wrongdoing. Whilst fraud risk cannot be reduced to nil, having good policies and procedures supported by proactive awareness and regular reviews can contribute considerably to minimising this risk.
- 5.2 Fraud and corruption risks have been reviewed across all the Council's Business Units and will contribute to the Corporate Anti-Fraud Team's annual workplan.

## **6. Financial Implications**

- 6.1 There are no financial implications arising directly from this report. The very modest annual costs associated with publicity materials, the telephone 'hotlines' and dedicated P.O. box number are met within the Internal Audit budget.
- 6.2 There are however indeterminate but potentially significant financial implications arising from confidential reporting in terms of the issues raised and their specific consequences. It is also impossible to calculate the cumulative deterrent effect of the whole suite of policies and procedures that may have prevented wrongdoing occurring.

## **7. Employee Implications**

- 7.1 As with the financial implications, there are no employee implications arising directly from this report.
- 7.2 There are of course major implications for employees, elected and co-opted members and all those likely to utilise the Policy and arrangements in fulfilling their duty to report concerns. In raising a concern in the public interest through this Policy, or in the other ways identified in the Policy, employees are afforded employment protection provided by the Public Interest Disclosure Act. Those individuals who become the subject of concerns raised will be themselves subject to the normal procedures around investigations and any subsequent disciplinary procedures.

## **8. Background Papers**

Confidential Reporting (Whistleblowing) Policy and supporting guidance.

Contact Officers: Executive Director Core Services and the Head of Internal Audit, Anti-Fraud and Assurance as the Council's designated Corporate Whistleblowing Officers.

Date: 4<sup>th</sup> April 2022