

Anti-Fraud and Corruption Policy

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Document History

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Introduction

- 1.1 This Anti-Fraud and Corruption Policy sets out the Council's framework for preventing and detecting fraud and corruption and the procedure for the reporting, investigation and prosecution of occurrences of fraud and corruption.
- 1.2 In carrying out its functions and responsibilities Gainsborough Town Council will promote a culture of honesty, openness and fairness and requires all elected Members and employees to support and conduct themselves in accordance with the Nolan Committees Seven Principles of Public Life as contained within the Relevant Authorities (General Principle) Order 2001. (Appendix A)
- 1.3 All Members of the Town Council are required to conduct themselves in accordance with the Members Code of Conduct.
- 1.4 The work of all Members and officers of the Town Council are also governed by legal requirements, Standing Orders, Financial Regulations and Council policies and national legislation.
- 1.5 Individuals and organisations external to the Council e.g. suppliers, contractors and services providers, will also be expected to act with integrity and without thought or actions involving fraud and corruption.
- 1.6 Fraud and corruption are defined by the Audit Commission as follows:-
 - *Fraud is the intentional distortion of financial statements, accounts or other records by persons internal or external to the authority, which is carried out to conceal the misappropriation of assets or otherwise for gain or to mislead or misrepresent.*
 - *Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person to act against the interests of an organisation, or the deliberate failure to disclose an interest in order to obtain a financial or other pecuniary gain for oneself or another.*
- 1.7 Corruption is also defined to include the deliberate failure to disclose an interest in order to obtain a financial or pecuniary advantage.
- 1.8 Fraud is also defined to include such acts as criminal deception, forgery, blackmail, corruption, theft, conspiracy and concealment of material facts and collusion. Fraud can also be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
- 1.9 The Council has a duty to take all actions necessary to manage the risk of fraud and corruption, including the operation of management control systems and the maintenance of an effective system of internal audit.
- 1.10 This Policy identifies a series of measures designed to:
 - identify and assess the risk of fraud and corruption
 - to prevent and detect fraud and corruption
- 1.11 This policy addresses five general areas:
 - Culture
 - Prevention
 - Deterrence

- Detection, Investigation and Reporting
 - Awareness and Training
- 1.12 Responsibility for the implementation and monitoring of the Policy lies with the Town Clerk and the Finance and Strategy Committee

Anti-Fraud and Corruption Policy Statement

- 2.1 Gainsborough Town Council has adopted the following Anti-Fraud and Corruption Policy Statement:

“It is the policy of the Council to promote a culture of honesty, openness and fairness, which is committed to assess and manage all risks associated with fraud and corruption, it’s prevention, detection and investigation and to actively pursue the appropriate level of disciplinary, civil or criminal enforcement”

- 2.2 This Policy should be read in conjunction with the Council’s approved Standing Orders, Financial Regulations and associated policies.

Aims of Policy

- 3.1 The Anti-Fraud and Corruption Policy is designed to protect the Town Council against fraud and corruption either from within or external to the Council.
- 3.2 The aims of the Policy are as follows:
- Promote a culture of honesty and integrity, and opposition to fraud and corruption;
 - To assess and manage the risk of fraud and corruption;
 - Encourage prevention of fraud and corruption through openness and honesty in all dealings, internal and external;
 - Ensure effective systems of internal control are in place to help to prevent fraud;
 - Promote detection of fraud by ensuring internal control systems and procedures are regularly monitored and subject to review by Internal Audit;
 - Ensure formal systems are in place and are being used to provide information and give confidence to Members, employees, members of the public or third parties who may wish to raise concerns they have on issues associated with the Town Council’s activity;
 - Investigate thoroughly any allegation of fraud and corruption received;
 - To ensure that appropriate enforcement action is taken to address any incident of fraud and corruption.

Culture

- 4.1 The Town Council promotes a culture of honesty, openness and fairness which supports its opposition to fraud and corruption. The prevention and detection of fraud and corruption and the protection of public resources are the responsibility of everyone. The elected Members and employees have an important role and responsibility in maintaining this culture.

- 4.2 All Members and employees of the Council are positively encouraged to raise any concerns regarding fraud and corruption in the knowledge that such concerns will be treated seriously and, wherever possible, in confidence.
- 4.3 The Town Council will ensure that any allegation received will be taken seriously and investigated in an appropriate manner. Those who defraud the Town Council or who are corrupt or instigate any financial malpractice will be dealt with fairly and firmly. However the Council are aware of the need to ensure that any investigation is not misused and therefore any abuse will be dealt with under the Council's disciplinary procedures if appropriate.
- 4.4 Where fraud and corruption have occurred due to a breakdown in internal controls, systems or procedures, the Council will review its risk management and assessments of the area of concern and will work with the Council's internal auditor to ensure that the appropriate improvements in the systems of control are implemented in order to prevent a reoccurrence.

Prevention

- 5.1 Prevention can be achieved through:

a) Staff Policies

- 5.2 The Council is entitled to expect, and obliged to maintain, high standards of conduct among its employees to ensure that public confidence in their integrity, honesty and impartiality is not undermined.
- 5.3 The public is entitled to demand conduct of the highest standard and that employees work honestly and without bias in order to achieve the Council's objectives.
- 5.4 The Council 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 previous record and propriety and integrity of potential employees. In this regard temporary and casual employees are treated in the same manner as substantive employees.
- 5.5 The Council will ensure that formal recruitment procedures are followed and, in particular, will obtain written references in respect of potential employees before employment offers are made and contracts of employment have been issued. In addition some staff will be subject to a Disclosure & Barring Service Check, if they work with young children or vulnerable people.
- 5.6 Job descriptions and person specifications will also be put in place for all employees that clearly define duties, responsibilities, and lines of communication.
- 5.7 The Council will ensure that all employees are aware of their responsibilities in relation to the prevention of fraud and corruption and copies of this policy will be made available to all employees and also distributed to new employees during the induction process.
- 5.8 Employees will be required to work in accordance with the Council's Financial Regulations and Standing Orders and all other employment related policies of the Council.
- 5.9 Staff induction and training and development programmes will help to keep employees up to date with their obligations.

- 5.10 The Council will support with rigour the protection given to employees in its Whistle-Blowing and Confidential Reporting Policy.

b) Role of Town Clerk

- 5.11 The Town Clerk is responsible for the communication and implementation of this policy within the Council and for ensuring that all employees are aware of Council Standing Orders and Financial Regulations and that these requirements are being implemented on a daily basis.
- 5.12 The Town Clerk is expected to develop a management style which will create an environment where employees feel able to approach them when they have concerns over suspected irregularities.
- 5.13 Special arrangements will apply where employees are responsible for the handling of cash or are responsible for financial systems which generate payments.

c) Role of Employees

- 5.14 The work of employees is governed by the Town Council's Standing Orders, Financial Regulations and other relevant policies.
- 5.15 Employees are responsible for ensuring that they follow instructions given by the Town Clerk / RFO particularly with regard to the control and management of Council assets.
- 5.16 Employees are expected to be aware of the possibility that fraud, corruption and theft may occur in the workplace and should be able to share these concerns with the Town Clerk / RFO. These concerns should be raised directly using the Council's Whistle-Blowing and Confidential Reporting Policy.

d) Role of Members

- 5.17 All elected Members have a duty on behalf of the electorate of Gainsborough to protect the Council from all Fraud, Corruption and Theft. This is reflected through the adoption of:
- The Relevant Authorities (General Principles) Order 2001
 - Adopted Code of Conduct for Members
 - Council Standing Orders and Financial Regulations
 - Council Policies
- 5.18 Members will be specifically required to record their financial and other interests and record any receipt or offering of gifts or hospitality in accordance with the requirements set out in the Council's Members Code of Conduct.
- 5.19 Members must also disclose any such interests in the matters under discussion at a meeting of the Council.

Internal Control, Audit and Risk Management

- 6.1 The Council's Standing Orders and Financial Regulations provide the framework within which officers and Members should act when dealing with the affairs of the Council.
- 6.2 The Financial Regulations provide the framework rules for the management of the Council's financial affairs. The Standing Orders for Contracts and Procurement provide the framework rules for the procurement of all works,

goods, materials and services and also set out the Council's tendering and contract procedures. Together they help to ensure a high level of financial integrity across the Council's activities.

- 6.3 Significant emphasis is also placed on the implementation and monitoring of financial systems, procedures and controls and every effort will be made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls.
- 6.4 The Town Clerk / RFO are charged with the responsibility of ensuring that proper internal controls are in place and for reviewing regularly the effectiveness and appropriateness of such controls especially in the deterrence of fraud and monitoring of high-risk areas.
- 6.5 The adequacy and appropriateness of the Council's financial systems will then be independently monitored and reviewed by both internal and external audit.
- 6.6 The Town Clerk will undertake an Annual Corporate Risk Management review to review the Council's responsibilities under Corporate Governance.
- 6.7 The Town Clerk will undertake an Annual Insurance and Asset review under the Council's responsibilities for Corporate Governance.
- 6.8 To ensure the effective use of the Council's independent internal audit resources and identify and recognise the potential high-risk areas, the Town Council will approve the appointment of the Internal Auditor on an annual basis.
- 6.9 An annual report will be submitted to Members on the progress of audit work and any major issues are highlighted. Action plans will be put into place to ensure that any required improvements to internal controls are implemented.

Detection, Investigating and Reporting

- 7.1 The Council's systems of governance, as set out in the Standing Orders and Financial Regulations, and specifically the internal financial control system will incorporate checks, reconciliations, analytical review and internal audit procedures to deter fraudulent and corrupt activity along with a management reporting and monitoring regime which will highlight by exception any unplanned, unexpected or potentially fraudulent activity.
- 7.2 The Council has formal arrangements in place via the Whistle-Blowing and Confidential Reporting Policy and Complaints Policy to enable information provided by and the suspicions and concerns of members, officers and the general public to be dealt with confidentially, properly and promptly.
- 7.3 The Council employs a range of preventative systems, and in particular the internal control systems, along with the work of the internal auditor and the implementation of the annual audit plan, should be sufficient in themselves to deter fraud, but they have also been designed to provide indications of any fraudulent activity.
- 7.4 When fraud and corruption does occur, these systems, controls and internal audit activity should, in the majority of cases, assist in revealing the occurrences.
- 7.5 However, it is often the alertness of Members, officers or members of the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

- 7.6 As such, sometimes, despite the best efforts of managers and auditors, frauds are discovered by chance remark or ‘tip off’. The Council has in place formal arrangements to enable such information to be properly dealt with.
- 7.7 The Council’s Whistle-Blowing and Confidential Reporting Policy and Complaints Policy also encourages Members, officers and members of the public to raise any suspicions and concerns as and when they occur.

Reporting of Fraud and Corruption

- 8.1 Council Members and employees are an important element in its stand against fraud and corruption. Concerns that they have will be treated in confidence and will be properly investigated. The Town Clerk will usually be the first contact for an employee to raise a concern, but if further investigation is deemed necessary, other staff may need to become involved, including the:
- Internal Auditor;
 - Audit Commission
- 8.2 The Town Clerk will be responsible for following up any allegation of fraud or corruption received and will do so through clearly defined procedures. The Council will be robust in dealing with financial malpractice and will deal swiftly and firmly with those who defraud or are corrupt.
- 8.3 There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious or vexatious allegations may be dealt with as a disciplinary matter.
- 8.4 The Anti-Fraud and Corruption Policy should be read alongside the Council’s Whistle-Blowing and Confidential Reporting Policy which formally sets out the procedures relating to the reporting of such concerns, reassures individuals that they will not suffer repercussions, and encourages those with legitimate concerns to voice them.
- 8.5 Members of the Public are also welcome to report concerns, either as a formal complaint or by speaking or writing to any officer or Councillor. The Council’s Whistle Blowing and Confidential Reporting Policy and Complaints Policy and Procedure apply in such cases.
- 8.6 Where a "tip-off" or concern or an implied "tip-off" or concern is received from a member of the public by a Member or officer, it must be reported without delay to the Town Clerk.
- 8.7 In cases where the allegation of fraud or corruption involves the Town Clerk it must be reported without delay to the Leader or Deputy Leader of the Council.
- 8.8 A formal Fraud and Corruption Reporting Procedure has been developed in consultation with Internal Audit that provides guidance on the process to be followed when employees or members of the public report their concerns or suspicions.

Investigation of Fraud and Corruption

- 9.1 Depending on the nature and the anticipated extent of the allegations, the Town Clerk and Internal Auditor will normally work closely other agencies, such as the Police, to ensure that all the allegations are properly investigated, reported and where appropriate, maximum recoveries are achieved.

9.2 The follow up of any allegation of fraud and corruption received either from a Members, employee or member of the public will be through the agreed procedures of the Fraud and Corruption Reporting and Investigation Procedure, which will ensure that:

- Concerns are dealt with promptly and consistently
- All evidence is recorded and the rules of evidence followed
- Evidence is sound and adequately supported
- All evidence is securely held
- Where appropriate the Council's insurers and the police are informed
- The Council's disciplinary procedures are implemented

Appendix 1**THE SEVEN PRINCIPLES OF PUBLIC LIFE****1. *Selflessness***

Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person and act solely in terms of the public interest.

2. *Integrity*

Members should not place themselves in situations where their integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour. Members must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. *Objectivity*

Members must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias, including the processes of making appointments, awarding contracts, or recommending individuals for rewards or benefits.

4. *Accountability*

Members are accountable to the public for their decisions and actions and the manner in which they carry out their responsibilities and must co-operate and submit themselves to the scrutiny necessary to ensure this.

5. *Openness*

Members should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. *Honesty*

Members should not place themselves in situations where their honesty may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour and should always be truthful.

7. *Leadership*

Members should promote and support these principles by leadership, and by example, and should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.