



# **Anti-Fraud, Bribery, Theft and Corruption Policy**

## **Lostwithiel Town Council**

**Approved 09 January 2024 Minute ref. 253/23**

## 1. Statement of Intent

- 1.1 In carrying out its functions and responsibilities the Town Council will promote a culture of honesty, openness and fairness and requires elected members and employees at all levels to conduct themselves in accordance the principles contained in The Relevant Authorities (General Principles) Order 2001 throughout their term of office and employment with the Town Council. The principles contained in the Order are detailed in Appendix 'A'. Members should also follow the terms of the Code of Conduct.

Consequently, the Town Council recognises and accepts the need for an Anti-Fraud and Corruption Policy.

The Town Council will not tolerate fraud, bribery, theft and corruption in the administration of its responsibilities and will deal equally with offenders whether from inside or outside the Town Council. It requires external suppliers, contractors and service providers to act with integrity.

The Council takes a '**zero tolerance**' stance on any form of fraud, bribery, theft or corruption.

- 1.2 Fraud and Corruption are defined as follows:

**Fraud** is the intentional distortion of financial statements, accounts or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain or to mislead or misrepresent.

**Bribery** is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

**Theft** is dishonestly acquiring, using or disposing of funds, physical or intellectual property belonging to the Council or to individual members of the organisation. Deliberately misusing materials or equipment belonging to the Council for financial or material benefit

**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. In addition, corruption is hereby defined to also include the deliberate failure to disclose an interest in order to obtain a financial or other pecuniary gain for oneself or another.

This policy identifies a series of measures designed to frustrate fraudulent or corrupt acts and the steps to be taken if such action occurs. The policy is presented as follows:

**Section 2 - Culture**

**Section 3 - Prevention**

**Section 4 - Deterrence**

**Section 5 - Detection and Investigation**

**Section 6 – Awareness and Training**

## **2. Culture**

- 2.1 The Town Council promotes a culture of integrity, honesty, openness, transparency and fairness which supports its opposition to fraud and corruption. The prevention and detection of fraud and corruption of the public purse are the responsibility of everyone. The elected members and employees play an important role in creating and maintaining this culture. All are positively encouraged to raise concerns regarding fraud and corruption in the knowledge that such concerns will wherever possible be treated in confidence.
- 2.2 The Town Council will ensure that any allegations received will be taken seriously and investigated in an appropriate manner. Those who defraud the Town Council or who are corrupt or who instigate financial malpractice will be dealt with firmly. There is however a need to ensure that any investigation process is not misused and, therefore, any abuse may, where appropriate, be dealt with as a disciplinary matter.
- 2.3 Where fraud and corruption has occurred due to a breakdown in systems or procedure, arrangements will be made to ensure that the appropriate improvements of control are implemented to prevent a re-occurrence.

## **3. Prevention**

### **3.1. Role of Elected Members**

As elected representatives, all members of the Council have a duty on behalf of their electorate to protect the Council from all forms of fraud and corruption. This is reflected through the adoption of this Policy and compliance with the Code of Conduct for elected Members, the Council's Standing Orders and Financial Regulation and all other relevant legislation.

When they take office elected Members are required to sign to the effect that they have read and understood the Code of Conduct. The Code requires elected Members, inter alia, to declare and register interests and to register receipt of gifts and hospitality. In addition, elected Members are given the opportunity to attend periodic update sessions on matters of conduct and standards provided by the Cornwall Council's Monitoring Officer.

### **3.2. Role of Town Clerk**

The Town Clerk is responsible for the communication and implementation of this Policy and ensuring that employees are aware of the Council's Financial Regulations and Standing Orders and that the relevant requirements of each are being met in the day to day conduct of the Council's business.

The Clerk is also expected to strive to create an environment in which employees feel able to approach them with any concerns they have regarding suspected irregularities.

Special arrangements will apply where employees are responsible for cash handling and are responsible for financial systems and systems that generate payments. Checks are carried out on a regular basis to ensure that proper procedures are being followed.

The Council recognises that a key preventative measure in dealing with fraud and corruption is ensuring that effective steps are taken at the

recruitment stage to establish, as far as possible, the honesty and integrity of potential employees whether for permanent, temporary or casual posts. This includes obtaining two written references. In addition, where appropriate the relevant Disclosure & Barring Service checks will be undertaken for employees who will be required to work with children or vulnerable people.

### **3.2.2. Employees**

The work of employees is governed by the Council's Standing Orders and Financial Regulations and other relevant policies i.e. Health and Safety etc.

In addition to the above employees are responsible for ensuring that they follow the instructions given to them by the Town Clerk, particularly with regard to the safekeeping of the Council's assets.

Employees are bound by Local Government Act 1972 Section 117 regarding the disclosure of pecuniary interests in contracts relating to the Town Council, and the non-acceptance of any fees or rewards whatsoever other than their proper remuneration.

Employees are expected to be aware of the possibility that fraud, corruption and theft may occur in the workplace and consequently must feel able to share their concerns in accordance with the Council's Whistleblowing Policy.

### **3.3 Conflicts of Interest**

Elected members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Effective role separation will ensure that decisions made are seen to be based on impartial advice and therefore avoid questions regarding improper disclosure of confidential information. The Council has an Officer Member Protocol which provides advice on this and related issues.

### **3.4 Role of Internal Audit**

The Town Clerk, as Responsible Financial Officer, is responsible for ensuring that there is an adequate and effective system of internal audit

of the Council's accounting, financial and other systems in accordance with the provisions of the relevant Accounts and Audit Regulations. Internal audit plays a significant preventative role in ensuring that the relevant systems deter fraud and corruption and will work with the Council to identify the procedural changes necessary to prevent the Council from exposure to losses. Internal Audit will also investigate cases of suspected irregularity or fraud. This responsibility is satisfied by undertaking a number of specific reviews and tests of the adequacy of the relevant financial systems and other arrangements for the prevention and detection of fraud.

### **3.5 Role of External Audit**

The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities and arrangements designed to limit the opportunity for corrupt practices. The outcome of these reviews and tests are reported each year in the Annual Audit letter which is presented to elected members by the external auditor.

## **4. Deterrence**

- 4.1 Fraud, bribery, theft and corruption are considered to be serious offences against the Council and employees will face a disciplinary investigation if there is an allegation that they have been involved in any of these activities. Where necessary, disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case in a consistent manner.
- 4.2 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Council. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a breach of the Council's Code of Conduct action will be taken in accordance with the Council's Code of Conduct

- 4.3 The Council will not seek to cover up cases of fraud and corruption but conversely will try to ensure that the results of any action taken, including prosecutions, are notified to the media.
- 4.4 In all proven cases where financial loss has occurred and it is in the public's interest to do so the Council will seek to recover such loss and will give consideration to publishing the fact.
- 4.5 All anti-fraud and corruption activities, including the adoption of this policy, will be publicised to make Members, employees and the public aware of the Council's commitment to taking appropriate action on fraud and corruption when it occurs.

## **5. Detection and Investigation**

- 5.1 Systems of internal control have been established together with Financial Regulations and Standing Orders to deter fraud and corruption. These are complemented by the work undertaken by Internal Audit in the review of systems and financial controls.
- 5.2 In addition it is often the vigilance of employees, Elected Members and members of the public that aids detection. Employees are to be encouraged to raise their concerns without fear of recrimination and the Council's Whistleblowing procedure has been designed specifically to address this matter.
- 5.3 If a Member or an employee makes an allegation of fraud, corruption or theft in good faith which is not confirmed no action will be taken against the Member or the employee. However, if a Member or an employee makes malicious or vexatious allegations Council will take advice and decide the appropriate course of action.
- 5.4 Frauds are in some cases discovered by chance or 'tip-off' and the Council's policy is to follow up any such information.
- 5.5 The Council recognizes that it is essential to ensure that there is consistent treatment of information received suggesting the possibility of fraud, bribery, corruption or theft and that the actions laid out in the Whistleblowing policy are implemented.

- 5.7 Following the completion of an investigation, the circumstances will be assessed to determine the need for procedural and system changes to ensure that future risks are eliminated.
- 5.8 Where necessary, following the investigation, the Council's disciplinary procedures will be applied to any employee found to be guilty of improper behaviour.

## **6. Awareness and Training**

- 6.1 The Council recognises that the sustained success of this policy and its general credibility will depend upon the effectiveness of its training programmes and awareness on the part of elected members and employees throughout the organisation.
- 6.2 Employees will be made aware of their responsibilities and the procedures to be followed for the safekeeping of Council's assets and will be advised that failure to adhere to the specified procedures may lead to disciplinary action being taken.

## **7. Conclusion**

The Council has in place a network of systems and procedures to assist in the prevention and detection of fraud and corruption. The Council is determined to ensure that these arrangements will keep pace with future developments in prevention and detection techniques regarding fraudulent or corrupt activity that may affect its operations.

The Town Clerk has day to day responsibility for the successful operation of the relevant systems supported by internal and external audit and will ensure that this policy is reviewed annually in order to be satisfied that the Council's exposure to potential fraud and corruption is minimised.



## **THE GENERAL PRINCIPLES Appendix 'A'**

**Selflessness.** Members should only serve the public interest and should never improperly confer an advantage or disadvantage on any person or business.

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

**Objectivity.** Members should make decisions on merit, including when making appointments, awarding contracts or recommending individuals for rewards or benefits.

**Accountability.** Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

**Openness.** Members should be as open as possible about their actions and those of their authority and should be prepared to give reasons for those actions.

**Personal Judgement.** Members should take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

**Respect for Others.** Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or gender disability. They should respect the impartiality and integrity of the Council's officers and its other employees.

**Duty to Uphold the Law.** Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

**Stewardship.** Members should do whatever they are able to do to ensure that they use their resources prudently and in accordance with the law.

**Leadership.** Members should promote and support these principles by leadership, and by example, should act in a way that secure or preserves public confidence.